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**Tenure, Ownership, and
Transition of Agricultural Land**

**Agricultural
Resource
Management
Survey**

Phase 3

Interviewer's Manual

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Chapter 1 – General

1.1 Purpose

The Agricultural Resource Management Survey (ARMS) is the U.S. Department of Agriculture's primary source of information on the financial condition, production practices, and resource use of America's farm businesses and the economic well-being of America's farm households. As part of our Census of Agriculture program, the U.S. Department of Agriculture's (USDA) National Agricultural Statistics Service (NASS) is conducting the Tenure, Ownership, and Transition of Agricultural Land (TOTAL) survey.

This year, the TOTAL survey replaced the final phase of the Agricultural Resource Management Survey (ARMS).

ARMS is a nationally representative survey administered using several phases—sample screener, field-level, and farm-level phases—targeting about 5,000 fields in ARMS 2 and 30,000 farms in ARMS 3 each year.

The field-level phase collects information on production practices and costs (fertilizer, pesticide, labor, tillage, seed, etc.) for target commodities. The farm-level phase collects financial information for farm businesses and a variety of financial and demographic information (age, education, occupation, off-farm income, etc.) for farm operators and their households. The survey collects information from 50 States and is designed to be representative of the U.S. and to support state-level estimates for 15 key agricultural states.

Many policy decisions made in Washington, D.C. and in the states directly affect U.S. farmers and ranchers. The ARMS provides farmers and ranchers with one of the best means to ensure that policymakers have access to accurate and objective information when making those decisions.

1.2 Data Collection Phases

Annually, the ARMS collects production practices and cost of production data on selected commodities. The ARMS also collects detailed whole farm financial information from a representative sample of farms and ranches across the country. To accomplish this, the ARMS project is conducted in three data collection phases. In many ways, the three phases can be viewed operationally as independent surveys. However, the power of the ARMS design is that the data between phases are related and can be combined and analyzed to provide a comprehensive look at farming and ranching operations.

- The initial phase (ARMS - Phase 1), conducted from May through July, determines the status of the business and collects general farm data such as crops grown, livestock inventory, and value of sales. Phase 1 data are used to qualify (or screen) farms for the other phases.
- The second phase (ARMS - Phase 2) is conducted from September through December. This phase collects data associated with agricultural production practices, resource use, and variable costs of production for specific commodities.

- The final phase (ARMS - Phase 3), which is the focus of this manual, is conducted from January through May. Phase 3 collects whole farm finance and operator characteristics information.

1.3 Uses of ARMS Data

Farm organizations, commodity groups, agribusiness, Congress, the President, State Departments of Agriculture, and the USDA use information from ARMS to evaluate the financial performance of farm/ranch businesses and to make policy decisions affecting agriculture. Specifically, the ARMS:

- gathers information about relationships among agricultural production, resources, and the environment to support evaluations of these relationships. The data are used to understand the relevant factors in producing high quality food and fiber products while maintaining the long-term viability of the natural resource base and rural communities;
- determines production costs of various crop and livestock commodities, and the relative importance of various production expense items;
- is used in the estimates of net farm income and provides data on the financial situation of farm and ranch businesses, including the level of assets and debt. ARMS data provide the ONLY National perspective on the annual changes in the financial conditions of production agriculture;
- provides the farm sector portion of the national Gross Domestic Product (GDP). While the farm sector portion may be small, its volatility must be accurately measured to identify the sources of change in the overall economy;
- provides the agricultural component of State and Local Area Personal Income estimates provided by the Commerce Department's Bureau of Economic Analysis (BEA). These measures are used to drive formulas for distribution of federal assistance dollars to communities, and by businesses and state and local governments to make local investment and infrastructure decisions;
- identifies the characteristics and financial situation of agricultural producers and their households, including information on management strategies and off-farm income. ARMS provides the ONLY source of data that link household financial resources and outcomes to farm business finances;
- provides baseline commodity cost and return estimates that are used to establish annual estimates during the next 4-8 years. Annual commodity estimates are set by updating the survey base using changes in annual prices, acreage, and production.

In general, ARMS data benefits farmers directly through governmental policies, like the farm bill, that are influenced by ARMS data. Most respondents do not realize the data coming from the ARMS helps them indirectly through information from extension advisors, in reports issued by State colleges and universities, in farm magazines, newspapers, and on radio or TV broadcasts.

1.4 ARMS Products

Markets cannot operate efficiently without accurate and timely information. As with all USDA reports everyone, from the smallest farmer to the largest agribusiness firm, has free and equal access to the results from this survey. This access to information allows farmers to stay on equal footing with agribusiness firms and others who market agricultural commodities.

New technologies make accessing information easier than ever before. Many farmers now own or have access to a computer to review ARMS reports and data summaries on the Internet.

Reports and tables using ARMS data can be downloaded from the following NASS and ERS Web Sites:

- The NASS Web Site is: <http://www.nass.usda.gov>
- The ERS Web Site is: <http://www.ers.usda.gov>
- The ERS ARMS Data User's Manual is: <http://www.ers.usda.gov/data-products/arms-farm-financial-and-crop-production-practices.aspx>

1.4.1 NASS Reports

NASS publishes two reports from ARMS. The "Agricultural Chemical Use - Field Crops" publication (http://www.nass.usda.gov/Surveys/Guide_to_NASS_Surveys/Chemical_Use/uses) uses data collected in the ARMS Phase 2 survey, and is normally released the following May (field crops) or July (fruit/veg).

The second report, "2024 Farm Production Expenditures", compiled from the ARMS Phase 3, will be published on July 25, 2025 at [USDA - National Agricultural Statistics Service - Publications](#) as well as in other reports at [USDA ERS - ARMS Farm Financial and Crop Production Practices](#). This report shows expenditures for the U.S., 5 farm production regions, 15 major agricultural estimating States, 8 U.S. economic sales classes, and U.S. crop and livestock farms.

1.4.2 ERS Reports & Other Uses of ARMS Data

ARMS financial data

All versions of the Phase 3 survey provide data used in constructing farm-level financial accounts--income statements and balance sheets--and those farm-level measures are used to construct aggregated financial accounts for regions, states, and the entire agricultural sector. The financial and production measures from the surveys are used for a range of research analyses.

Ongoing uses of the data:

Farm income and balance sheet accounts. ARMS data form an essential element in ERS' annual estimates and forecasts of net farm income, farm sector value added, and farm assets and debt. In turn, the estimates and forecasts are widely used by policymakers, lenders, and input providers to track the financial performance and outlook for agriculture.

ARMS data are used directly by leaders of the House and Senate Agricultural committees, and their staffs, through the ERS ARMS on-line data tool at <https://www.ers.usda.gov/data-products.aspx>. The tool provides data on farm income and farm balance sheet accounts, classified by region, commodity orientation and farm size class. Information on farm structure and farm production practices is also available. They use the data tool as they plan and debate farm policy, in the Farm Bill and in other contexts. USDA officials also use the tool as they implement legislation passed by Congress.

ERS estimates of farm sector assets, debt and net worth are widely used by lenders, input providers, and policymakers to evaluate credit and lending conditions in the farm sector. When faced with poor information and uncertainty, lenders can become reluctant to provide financing except under the most favorable circumstances. Data drawn from ARMS surveys, made widely available in summary form to a wide range of users, provide one of the few sources of reliable, representative, and sector-wide sources of information on farm financial conditions.

Personal Income. ARMS data are used by the Commerce Department's Bureau of Economic Analysis (BEA) in the development of State and Local Area Personal Income estimates. In turn, the Personal Income estimates are used in formulas for allocating federal funds across States. Examples of programs that use personal income data in formulas to allocate Federal funds across states include Medicaid, Supplemental Security Income, Agricultural Extension, University Research, and Agricultural Lending.

U.S. agricultural productivity accounts. ERS uses ARMS data in the construction of USDA's official annual sector-wide estimates of agricultural output, input, and productivity growth. The estimates are used by policymakers, commodity groups, academics, and media to understand the sources of growth in US agriculture, to evaluate the impacts of investments in research, infrastructure, and extension on agricultural output and productivity, and to project the links between agricultural productivity, commodity prices, and food prices. <http://www.ers.usda.gov/data-products/agricultural-productivity-in-the-us.aspx>

Recent Research Uses of ARMS financial and structural data:

American's Farms and Ranches at a Glance: 2022 Edition (*EIB-263, December 2023*)

The America's Farms and Ranches at a Glance report, previously known as America's Diverse Family Farms, provides the latest statistics on U.S. farms, including production, financial performance, pandemic assistance, and farm household financial characteristics by farm size. ERS farm classification, or typology, is used to categorize farms into groupings to better understand conditions across the United States' broad farm sector. This year's edition explores farm household health insurance coverage, input acquisition practices, farm liquidity, and agritourism adoption. <https://www.ers.usda.gov/publications/pub-details/?pubid=108073>

The Role of Commercial Energy Payments in Agricultural Producer Income (*EIB-271, April 2024*)

A significant portion of energy production in the United States takes place on farmland, which can have substantial economic implications for the farmers who host such developments. This report analyzes energy payments made to farmers for the production of oil, natural gas, and wind energy on their land. The authors used 10 years of data (2011–20) from the USDA's Agricultural Resource Management Survey (ARMS) in their analysis.

Results show that 3.5 percent of farm operations received energy payments and that the average annual payment to the operators was more than \$30,000 (in 2020 dollars), contributing substantially to farm household income and exceeding government payments to these operations. Energy payments were more common in counties producing oil and natural gas than in those with wind energy development. Larger farms were significantly more likely to receive energy payments and received higher payments on average. Further, Hispanic producers and those with less education were significantly less likely to receive energy payments. Although the average energy payment varied by ethnicity and education status, this report did not find a statistically significant difference after accounting for farm location and size. <https://www.ers.usda.gov/publications/pub-details/?pubid=109042>

Examining Financial Risk Measures on Family and Nonfamily Farms (*Amber Waves, June 2023*)

The Agricultural Resource Management Survey (ARMS) provides data on two measures of financial performance: the operating profit margin (the share of gross income that is profit) and the current ratio (the ratio of short-term assets to short-term debt). Researchers use these data to gain a sense of risk faced by different types of farms. [USDA ERS - Examining Financial Risk Measures on Family and Nonfamily Farms](#)

American's Diverse Family Farms: 2021 Edition (*EIB-231, December 2021*)

This report provides the latest statistics on U.S. farms, including production, financial performance, pandemic assistance, and farm household characteristics by farm size. New sections of this edition explore changes in direct sales, pandemic-related off-farm job loss and furloughs, farm operating expenses, and the distribution of USDA and non-USDA pandemic assistance received in 2020. <https://www.ers.usda.gov/publications/pub-details/?pubid=102807>

Farm Use of Futures, Options, and Marketing Contracts (*EIB-219, October 2020*)

This study uses data from the 2016 Agricultural Resource Management Survey to describe producers' use of futures, options, and marketing contracts as risk management strategies, with a primary focus on corn and soybeans. <https://www.ers.usda.gov/publications/pub-details/?pubid=99517>

Consolidation in U.S. Dairy Farming (*ERR-274, July 2020*)

The number of licensed U.S. dairy herds fell by more than half between 2002 and 2019, with an accelerating rate of decline in 2018 and 2019, even as milk production continued to grow. Production has been shifting to much larger but fewer farms, and that shift shows no sign of slowing. Larger operations realize lower costs of production, on average, and those advantages persist. <https://www.ers.usda.gov/publications/pub-details/?pubid=98900>

America's Diverse Family Farms: 2020 Edition (*EIB-220, December 2020*)

This report provides the latest statistics on U.S. farms, including production, financial performance, and farm household characteristics by farm size. Among the findings, 98 percent of U.S. farms are family farms, and they accounted for 86 percent of farm production in 2019. Most (90 percent) farms are small (gross cash farm income less than \$350,000) and account for 22 percent of production. <https://www.ers.usda.gov/publications/pub-details/?pubid=100011>

America's Diverse Family Farms: 2019 Edition

This report provides an overview of U.S. farms, including the latest statistics on production, financial performance, and farm household characteristics by farm size. Among the findings,

98 percent of U.S. farms are family farms, and they accounted for 88 percent of farm production in 2018. Most farms are small (90 percent), and they accounted for 21 percent of production that year. <https://www.ers.usda.gov/publications/pub-details/?pubid=95546>

Three Decades of Consolidation in U.S. Agriculture

Crop production has seen a widespread and persistent shift of acreage and sales to larger farming operations over the last three decades. Some livestock sectors have seen dramatic structural change, but consolidation has been modest or nonexistent in pasture/grazing land and in the associated cow-calf sector. Consolidation has been facilitated by increased farm-level commodity specialization.

<https://www.ers.usda.gov/publications/pub-details/?pubid=88056>

Farmland Values, Land Ownership, and Returns to Farmland, 2000-2016

The value of farm real estate accounts for over 80 percent of the value of farm-sector assets and is an important indicator of the sector. This report finds U.S. farmland values appreciated quickly from 2000 to 2015, but have since slowed considerably. Also, farmland appreciation over 2000-2012 led to fewer financially stressed farms.

<https://www.ers.usda.gov/publications/pub-details/?pubid=87523>

Thinning Markets in U.S. Agriculture

U.S. agriculture is growing more concentrated as markets have fewer purchases, low trading volume, and low liquidity, which raises concerns about equity for producers and efficiency in market performance.

<https://www.ers.usda.gov/publications/pub-details/?pubid=44035>

Economic Issues in the Coexistence of Organic, Genetically Engineered (GE), and Non-GE Crops

Two decades after genetically engineered seeds became available, GE varieties are common in U.S. corn, soybean, cotton, canola, and sugarbeet production. Markets for food containing non-GE ingredients also exist. This report examines organic and conventional product markets, common coexistence practices, and the economic impacts when GE material is detected in non-GE products.

<https://www.ers.usda.gov/publications/pub-details/?pubid=44044>

Beginning farmers and ranchers. The 2014 Farm Bill (the Agricultural Act of 2014) provided increased funding for beginning farmer development, facilitates the transfer of farmland to the next generation of farmers, and improves outreach and communication to military veterans about farming and ranching opportunities. This report uses ARMS data to provide basic economic and demographic information on beginning farmers and ranchers, and ties that information to these recent policy initiatives.

<https://www.ers.usda.gov/amber-waves/2014/june/beginning-farmers-and-ranchers-and-the-agricultural-act-of-2014/>

Research on farm households

An Analysis of the Effect of Sunsetting Tax Provisions for Family Farm Households (ERR-328)

Two recent laws enacted temporary provisions to the Federal tax code: the American Rescue Plan Act (ARPA) and the Tax Cuts and Jobs Act (TCJA). The authors of this report assess the impact of these sunsetting tax provisions on tax liabilities for farm households.

Using data from the USDA, Agricultural Resource Management Survey (2018–21) and the USDA, Economic Research Service's Federal income tax and estate tax models, the authors estimate that the expiration of the temporary provisions of the ARPA and TCJA would increase farm households' Federal income tax liabilities by \$8.9 billion and estate tax liabilities by \$647 million in the year following expiration.

<https://www.ers.usda.gov/publications/pub-details/?pubid=108635>

Economic Returns to Farming for U.S. Farm Households

Slightly more than half of U.S. farm households report losses from their farm businesses each year. But net income measures do not capture the full contribution farming makes to the financial well-being of farm families. When tax-loss benefits and asset appreciation are considered, the share of households with positive annual farm returns rises from 43 to 70 percent.

[Economic Returns to Farming for U.S. Farm Households](#)

Estimated Effects of the Tax Cuts and Jobs Act on Farms and Farm Households

The Tax Cuts and Jobs Act of 2017 made significant changes to the Federal income tax system. According to an ERS analysis of the potential impact of the law on family farms, average tax rates are expected to decline across all farm sizes and commodity specializations, with effects on farm households varying by farm size. Estimates also suggest fewer farm estates will be subject to estate tax.

[Estimated Effects of the Tax Cuts and Jobs Act on Farms and Farm Households](#)

Farm Household Income Volatility: An Analysis Using Panel Data From a National Survey

Farm income is highly variable, and this variability can affect household welfare, agricultural production, and environmental quality. ERS researchers use a large panel dataset to provide new information about the extent and determinants of farm household income variability, to identify trends in volatility, and to estimate the risk-mitigating benefits of U.S. Government programs.

[Farm Household Income Volatility: An Analysis Using Panel Data From a National Survey](#)

Conservation Programs and Practices

The Phase 2 and Phase 3 surveys include questions on on-farm conservation practices and conservation program participation. ERS uses these data to help inform the design of conservation programs and to produce economic research on the effects of programs and practices.

Recent Conservation research

Increasing the Value of Animal Manure for Farmers

This study describes current manure production, handling, storage, and use utilizing data from the USDA Agricultural Resource Management Survey (ARMS). In addition, the report describes existing and emerging technologies that have the potential to increase the value of manure or reduce manure management costs. [USDA ERS - Increasing the Value of Animal Manure for Farmers](#)

Farmers Report Soil-Related Resource Concerns on About Half of Soybean, Wheat, Cotton, and Oat Fields (*Amber Waves, May 2022*)

A recent USDA, Economic Research Service (ERS) study considered how many farmers who reported having resource concerns on fields in several commodities also received technical assistance in addressing the concerns. The study analyzed data collected from USDA's Agricultural Resource Management Survey (ARMS) for fields growing oats and cotton in 2015, wheat (including winter, spring, and durum) in 2017, and soybeans in 2018. The analysis focused on seven resource concerns primarily related to soil and water on cropland: water-driven erosion, wind-driven erosion, soil compaction, poor drainage, low organic matter, within-field water quality concerns, and "other" concerns. These roughly correspond with 31 specific soil and water resource concerns identified by NRCS, among a total of 47 specific concerns, that form the basis of conservation planning. [USDA ERS - Farmers Report Soil-Related Resource Concerns on About Half of Soybean, Wheat, Cotton, and Oat Fields](#)

Tillage Intensity and Conservation Cropping in the United States

Reducing tillage and increasing soil cover (through crop rotations and cover crops) can enhance soil health. To gauge the intensity of tillage over time, this report estimates the number of years no-till or strip-till are used over a 4-year period. Conservation tillage was used on 70 percent of soybean (2012), 65 percent of corn (2016), and 67 percent of wheat (2017) acres. <https://www.ers.usda.gov/webdocs/publications/90201/eib-197.pdf?v=7027.1/>

The Evolving Distribution of Payments From Commodity, Conservation, and Federal Crop Insurance Programs

Changes in the structure of U.S. agriculture have changed the distribution of Government farm payments over time. As agricultural production continues to consolidate, commodity program payments, some conservation program payments, and Federal crop insurance indemnities have shifted to larger farms operated by higher income households. This report details the extent of that shift from 1991 to 2015. <https://www.ers.usda.gov/publications/pub-details/?pubid=85833>

Managing nitrogen use. Nitrogen is a critical input in agriculture, enabling farmers to produce high yields profitably. However, nitrogen compounds released into the environment are a source of many environmental problems, including eutrophication and hypoxia in aquatic ecosystems, visibility-impairing haze, and the loss of biodiversity. ERS used Phase 2 ARMS data to assess nitrogen management on eight major field crops. The study focused on the adoption of three "best management practices" (BMPs), applying nitrogen at an appropriate rate, accounting for all other sources of nitrogen; application as close to the time that the crop needs it as practical; and using methods to incorporate nutrients into the soil, to reduce runoff and atmospheric losses. While all three BMPs were realized on over a third of planted acres, substantial amounts of production fell short, leading to excessive nitrogen expenses and to environmental damages. The study estimated the extent to which improvements in management are needed, and assessed alternative policy mechanisms for improving management (https://www.ers.usda.gov/webdocs/publications/44918/6767_err127.pdf?v=41056)

Research Focused on Livestock

ARMS Phase 3 livestock versions (dairy in 2000, 2005, 2010, 2016, and 2021; broilers in 2006 and 2011; and hogs in 1998, 2004, 2009, 2015, and 2020) provide detailed enterprise

level changes that support reporting and analysis on policies and economic developments related to livestock production.

Recently published research

U.S. Hog Production From 1992 to 2009: Technology, Restructuring, and Productivity Growth

U.S. hog farm numbers dropped by 70 percent over 1991-2009 while hog inventories remained stable. The result has been an industry with larger hog enterprises, increased specialization in a single phase of production, greater reliance on purchased rather than homegrown feed, and greater use of production contracts. This structural change has led to higher productivity and lower pork prices. [U.S. Hog Production From 1992 to 2009: Technology, Restructuring, and Productivity Growth](#)

U.S. Dairy Productivity Increased Faster in Large Farms and Across Southwestern States

Research from USDA's Economic Research Service (ERS) measured productivity in the U.S. dairy sector using data from the Agricultural Resource and Management Survey (ARMS) that is conducted jointly by ERS and USDA, National Agricultural Statistics Service. The study tracked the growth of milk output over time while controlling for factors such as herd size, feed, capital, intermediate materials and services (such as veterinary work, electricity, fuel, fertilizers, and pesticides), and environmental factors such as rainfall and temperature. [USDA ERS - U.S. Dairy Productivity Increased Faster in Large Farms and Across Southwestern States](#)

Organization, costs, and risks in broiler production. U.S. production of broilers grew rapidly until the mid-1990s, but growth then began to slow, and production declined in 2009, with very modest growth since then. The industry's distinctive organization—with a high degree of vertical integration, nearly complete reliance on contract growers to raise chickens for poultry companies, and grower compensation based on relative performance—helped fuel growth in the early period, and growth provided good returns and low risks for growers. However, slowing growth has placed new financial pressures on the industry and its organization. The industry is the subject of several important policy debates relating to competition, environmental regulation, international trade, and public health, which require an understanding of its organization. ERS used ARMS data to delineate the key features of the industry's organization and to analyze the industry's recent financial and productive performance, with a focus on contract growers.

<https://www.ers.usda.gov/publications/pub-details/?pubid=43872>

Economics of Antibiotic Use in U.S. Livestock Production: U.S. livestock producers have provided antibiotics in animal feed to treat animal diseases, prevent the spread of disease, and enhance feed conversion. But widespread antibiotic use—in and outside of agriculture—can lead to increased human health risks if it encourages the spread of microbes that are resistant to antibiotic treatment. As a result, the US Food and Drug Administration will phase out the use of antibiotic drugs for growth promotion, and major food retailers are changing procurement practices and requiring suppliers to limit the use of antibiotics in livestock production. ERS research used ARMS data to estimate the extent of antibiotic use in livestock production, measure the impacts of growth promoting antibiotics on production and farm-level costs, identify the production practices and equipment used by farms that are not using growth-promoting antibiotics, and evaluate the likely impacts of restrictions on livestock and meat markets. <https://www.ers.usda.gov/publications/pub->

[details/?pubid=45488](#)

Changing Structure, Financial Risks, and Government Policy for the U.S. Dairy Industry. Congress initiated a major change in dairy policy in the 2014 Farm Bill, by introducing a new margin protection program in place of the combination of three programs aimed at countercyclical payments, dairy product price supports, and dairy export incentives. The shift occurred against a continuing major shift of production to larger farms, and a set of changes in product and input markets that are leading to widening product and input price risks. The MPP aims to limit the impact of those price risks, without reducing the industry's competitiveness and efficiency. ERS used ARMS data to measure how structural change in dairy farming affected industry production costs, and to evaluate the financial risks posed to dairy farmers by product and input price movements. The research forms an important component of the evaluation of the new dairy policy.

<https://www.ers.usda.gov/publications/pub-details/?pubid=45522>

What's Driving Economic and Financial Success of U.S. Cow-Calf Operations? Cow-calf production is widespread and economically important throughout the U.S. Most farms are small part-time operations and producers have a diverse set of production goals. The economic performance of these operations varies by region, farm size, and use of production and management practices. We use ARMS cow-calf survey data to evaluate the drivers of farm financial performances. Our model links the "levers" of profitability (ROE)--operating profit margin, asset turnover, and inverse solvency--across five production regions reflecting different cow-calf production technologies and management practices. We find higher ROE in the Northeast and West, on larger farms with more harvested acres, on diversified farms, on farms where operators and spouses work off farm, and on farms that adopt feed technologies and advanced farm management and breeding practices.

Crop Production Practices and Costs

Data drawn from Phase 2 of the survey provides data on production practices for specific targeted crop commodities. Farms in Phase 2 are surveyed again in Phase 3 for information on whole-farm production and finances and farm household attributes. Although there is no ARMS Phase 2 survey in 2024 because of total, below are uses of the data on production practices for specific crop commodities. Uses of the data include:

Crop insurance indemnities: USDA's Risk Management Agency (RMA) uses crop planting costs summarized from ARMS COP data to evaluate prevented planting and replanting payment rates (percent of total insurance coverage) that crop insurance policies would pay.

Fertilizer demand: Fertilizer providers use estimates of application rates, derived from ARMS crop surveys, to help gauge fertilizer demand in different regions, and to plan production and delivery schedules.

Economic damages: USDA's Office of Civil Rights uses COP costs and returns data to determine economic damages in cases in which discrimination has been found in USDA programs. The primary example is in Farm Service Agency (FSA) civil rights complaints (when people are denied loans or other benefits or there has been a delay in processing

loans or other benefits to the point that there was an adverse impact upon their farming operations). We must rely on publicly available, defensible data as the basis for our analyses.

Recent ERS research on crops:

Characteristics and Trends of U.S. Soybean Production Practices, Costs, and Returns Since 2002

In the past 20 years, U.S. soybean acreage has grown 18 percent, from 74 million to 87 million acres. Soybean yields have also increased. This study uses nationally representative survey data of U.S. soybean farmers (along with costs and returns data) to examine how production practices, export demand, public policy, and environmental factors have changed over the past 20 years. [USDA ERS - Characteristics and Trends of U.S. Soybean Production Practices, Costs, and Returns Since 2002](#)

U.S. Export Competitiveness in Select Crop Markets

The United States has historically been one of the largest exporters of agricultural crops in terms of volume and value. In recent decades, increased competition from countries, such as Argentina and Brazil, has threatened the current U.S. standing in the global arena. This study examines U.S. export competitiveness in terms of value of the top five crop commodity groups exported—corn, soybean products, cotton, wheat products, and tree nuts. These commodities are widely produced in the United States and represented 38 percent of total U.S. agricultural exports in 2021. This report broadly discusses the threats and opportunities to U.S. competitiveness, current trade agreements, and world events that impacted global markets. [USDA ERS - U.S. Export Competitiveness in Select Crop Markets](#)

ERS Cost and Returns (CAR) Estimates

ERS produces estimates of the commodity costs of production for hogs, milk, and cow-calf production, as well as for barley, corn, cotton, oats, peanuts, rice, sorghum, soybeans, and wheat. Baseline estimates are derived from data collected in Phase 2 and Phase 3 COP questionnaires directed to producers of target commodities in any given year. Baseline estimates are then combined with annual price, production, and acreage data to set cost and return estimates for later, non-baseline, years. Periodic new baselines are needed because changes in farm structure and technology can occur and change economic fundamentals. Peanut and producers were targeted for baseline revisions the 2013 ARMS, while cotton, oats, and hog producers were targeted in 2013. Commodity costs and returns data can be accessed at: <http://www.ers.usda.gov/data-products/commodity-costs-and-returns.aspx>

Recent CAR research

Trends in Production Practices and Costs of the U.S. Corn Sector

Corn for grain is a major field crop in the United States, with wide-ranging uses including animal feed, ethanol, food, beverages, industrial products, and exports. This report describes the technological and structural changes in U.S. corn production over 1996-2018, and describes how these changes have affected farm expenditures, net returns, productivity, yields, and production costs. <https://www.ers.usda.gov/publications/pub-details/?pubid=101721>

U.S. Rice Production in the New Millennium: Changes in Structure, Practices, and Costs

Farms growing rice changed significantly from 2000 to 2013 in terms of operation size and

the ways in which rice is produced. The adoption of new technologies in rice farming pushed per-acre production costs higher, but rice yields and productivity also increased, offsetting the higher costs. <https://www.ers.usda.gov/webdocs/publications/90926/eib-202.pdf>

Corn and Soybean Production Costs and Export Competitiveness in Argentina, Brazil, and the United States. Argentina, Brazil, and the United States account for 88 percent of world soybean exports, and 93 percent of corn exports. International demand for corn and soy is expanding because of growing global consumption of pork and poultry. Comparisons of production costs across countries are useful because they allow decision makers to infer how the export competitiveness of each country and crop could be affected by changes to factors underlying production costs, such as land, fertilizer, seed, fuel, chemicals, transportation, and labor. ARMS provides the underlying data for the U.S. and the U.S. cost and returns framework was applied to data for Argentina and Brazil. <https://www.ers.usda.gov/publications/pub-details/?pubid=44093>

Wheat costs of production. Wheat, produced in nearly every part of the United States, is the third largest U.S. crop in terms of both value and acreage, behind corn and soybeans. The wide variation of wheat production costs across the country reflected differences in yields, cropping practices, and costs of land, labor, and capital assets. Regional climatic differences across the United States accounted for much of the variation in the class of wheat grown, each with its own production practices and associated costs. Northern wheat producers, for example, chose spring wheat varieties that were harvested in the fall because winter wheat—planted in the fall for summer harvest—would be killed by the cold during its winter dormancy. Growers in areas with abundant rainfall were able to boost their yield potential by applying high rates of fertilizer. At the other extreme, some regions had areas so dry that costly irrigation was needed to produce a wheat crop. <https://www.ers.usda.gov/publications/pub-details/?pubid=43786>

Land Use, Tenure, and Transition

U.S. Farmland Ownership, Tenure, and Transition. In 2024, ARMS Phase 3 was combined with TOTAL—the Tenure, Ownership, and Transition of Agricultural Land survey, for the first USDA survey of farmland since 1999. The ARMS component of TOTAL gathered information from farm operators, while another component gathered information from non-operator landlords. The first ERS report from the survey examined patterns of farmland ownership, tenure arrangements, and channels by which agricultural land is transitioned among owners and renters. <https://www.ers.usda.gov/publications/pub-details/?pubid=74675>

1.4.3 Non-Financial Data in ARMS Phase 3

This survey also collects a considerable amount of nonfinancial data. Some, such as hours worked on the farm, or types of equipment or livestock housing, or quantities of feed delivered to livestock, are used to develop estimates of the costs of farm production—that is, they are used to develop complete cost information.

But the survey in some years also asks about production practices used on the farm, including manure management and animal breeding practices on livestock enterprises, marketing practices on crop enterprises, or Internet usage and procurement practices for the whole farm. These questions are driven by particular public policy issues, and their inclusion in ARMS allows us to link responses to farm financial data. As a result, we can link the usage of practices to the types of farms that use them and to the financial performance of farms.

The survey asks questions about the farm's ownership, organization, and legal status. Some of those questions are necessary to allow us to accurately track flows of farm income to stakeholders—such as farm operators, contractors, landlords, and equity holders—and thereby provide better estimates of farm financial performance. But the questions also enable us to track the changing nature of agriculture, as production continues to shift to larger and more complex enterprises.

ARMS Phase 3 contains questions pertaining to farm households—concerning not only their demographics, but also their off-farm income, health insurance, and consumption expenditures. These questions are included to meet increasing policy concerns related to the financial well-being of farm households, as well as issues related to access to health insurance in rural areas. They also enable ERS to assess the financial resources available to farm households and farm operations to meet often sudden and sharp changes in farm financial performance.

Precision Agriculture in the Digital Era: Recent Adoption on U.S. Farms

Digital agriculture—the ongoing transformation of farming that includes digitalization and automation of farming tasks—may be an important part of the solution to challenges facing U.S. agriculture, including rising production costs, climate change, and labor shortages, among others. This report documents trends in the U.S. farm sector's adoption of digital agriculture technologies between 1996 and 2019, with emphasis on changes since 2016, using data from USDA's Agricultural Resource Management Survey (ARMS). [USDA ERS - Precision Agriculture in the Digital Era: Recent Adoption on U.S. Farms](#)

Off-farm employment: Most farm households earn income from nonfarm sources, and most nonfarm income comes from off-farm jobs (rather than from pensions or financial investments). Moreover, income growth among farm families, from nonfarm sources, has grown more rapidly than income growth among all US families. ERS used ARMS data to evaluate off-farm employment among farm families. Farm operators and their spouses were more likely than other workers to have managerial and professional off-farm occupations. This pattern is particularly true among those with a college education. Those occupations paid relatively high wages, which helps account for the relatively strong growth in farm families' off-farm incomes. <https://www.ers.usda.gov/publications/pub-details?pubid=43792>

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Chapter 2 - Terms and Definitions

2.1 General

Enumerators working on this survey should be familiar with the definitions of the terms listed below. To gain the most benefit from training, enumerators should review the definitions of these terms before attending the regional training workshop. A comprehensive list of Terms and Definitions used in all NASS surveys can be found in Appendix B, page 162.

2.2 Economic and Cost of Production Terminology

- accounting, accrual
- accounting, cash
- acreage base
- acreage, eligible contract
- acreage, contract
- acreage, noncontract
- agricultural commodity
- agricultural production
- animal unit (AU)
- animal unit month (AUM)
- aquaculture
- area sample
- assessed value
- assessments
- assets
- auction pool
- balance sheet
- barrel (bbl)
- base acreage
- BLM
- borrowing capacity
- call back
- carryover
- cash receipts
- cattle on shares
- check-off
- commission charges
- commodity
- commodity, contract
- Commodity Credit Corporation (CCC)
- confidentiality
- Conservation Reserve Program (CRP)
- conserving use
- contract
- contract, delayed pricing
- contract, forward
- contract, marketing
- contract, production
- contract sale
- contractee
- contractor
- Cooperative State Research, Education, and Extension Service (CSREES) Corporation
- cost of production
- cover crop
- cropland
- crop rotation
- cull
- date, due
- date, mailing
- date, reference
- date, release
- depreciation
- direct sales
- discount
- double crop
- drip irrigation
- editing
- EIN
- Environmental Quality Incentives

<ul style="list-style-type: none"> • Program (EQIP) • equity • estate • expenditure • expenses, capital • expenses, operating • expenses, production • fallow • farm • farm, contract • farm, corporate • farm, institutional • farm, noncontract • farmstead • Farm Service Agency (FSA) • Federal Agriculture Improvement and Reform (FAIR) Act • feeder • fertilizer • field • financial health • finish • flat • flexibility contract, 7-year production flexibility contract • forage • forward pricing • free-of-charge • fringe benefits • futures market • government program land • grazing land association, public or industrial (PIGA) • grazing allotment • grazing association • grazing fee • greenhouse • gross value • harvested acres • hay • hedging • herbicide • hired manager • household • hundredweight (cwt) • idle land 	<ul style="list-style-type: none"> • implement • improvements • inaccessible • income, gross farm • income, net cash farm • income, net farm • income, non-farm • income, off-farm • input • input provider • landlord • landlord, non-operator • landlord, operator • liability • liquidity • loan, marketing • loan, marketing assistance • loan, nonrecourse • market value • military time • Natural Resources Conservation Service (NRCS) • net worth • nonresponse • nursery • oilseed crops • on feed • operating arrangement <ul style="list-style-type: none"> • individual • managed • partnership • operator • orchard • out-of-business • partner • pasture • patronage refund • payment, advanced • payment, cost-share • payment, disaster • payment, final • payment, incentive • payment, loan deficiency • payment, transition • payment limitations
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- payment quantity
- payment yield
- pesticide
- planting flexibility
- pick your own (U-Pick)
- power-take-off (PTO)
- premium
- primary name
- processor
- production expenses
- production flexibility contract
- production flexibility contract payment
- questionnaire
- rangelands
- ratio, debt-asset
- ratio, parity
- real estate
- refusal
- rent
- rent, cash
- rent, share
- respondent
- retired
- salary
- sample, list
- sample, probability
- sampling frame
- sampling unit
- secondary name
- seed
- sharecropper
- shrinkage
- small grains
- solar energy
- sold-out
- solvency
- straw
- subsidy
- survey
- survey period
- survey, statistically defensible
- tenant
- wages
- water rights
- wetlands
- Wetland Reserve Program (WRP)
- woodland
- work, agricultural
- work, contract
- work, custom
- work, service
- worker
- yardage

2.3 Livestock Production Categories

The following livestock production categories are located in the Respondent Booklet.

2.3.1 Hog Contractee Operations

Farrow to Wean (Code 802) – This operation oversees the breeding of sows or gilts and the farrowing of their litters. The contractee will feed and care for the pigs for about 16 to 20 days, until they reach 12 - 14 pounds. The weaned pigs will be moved to a nursery and/or grower operation and the sows will either be bred again or go to slaughter.

Farrow to Feeder (Code 805) – This operation oversees the breeding of sows or gilts and the farrowing of their litters. The contractee will keep the pigs for approximately 6 weeks, until they reach 35 - 45 pounds. The pigs will be moved to a finishing operation and the sows will either be bred again or go to slaughter.

Farrow to Finish (Code 807) – This operation oversees the breeding of sows or gilts and the farrowing of their litters. The contractee will keep the pigs and finish them out until they reach market weight. The sows will either be bred again or go to slaughter.

Nursery (Code 806) – This operation only handles young pigs. Pigs from 12 - 14 pounds are received, fed, and cared for until they reach 35 - 45 pounds. They are then transferred to a finishing operation.

Nursery/Finish (Early Wean, ISO Wean, SEW Pigs) (Code 808) – This operation receives pigs around 12 - 14 pounds and finishes them until they reach market weight. ISO Wean stands for "Isolation Weaning". SEW Pigs stands for "Segregated and Early Weaning".

Finisher (Feeder to Finish) (Code 809) – This type of operation will receive pigs that average about 35 - 45 pounds and finishes them out until market weight.

Other Hogs and Pigs (Code 804) – This category includes a range of different types of operations. An example is an operation that receives gilts or boars only and feeds them until ready for breeding.

2.3.2 Chicken Contractee Operations

Broiler Growout (Code 916) – A written contract with contractees to raise meat-type strain chickens from newly hatched chicks to processing weight. It is a common practice to raise female or male flocks separately (see code 939 below). Includes Cornish and roasters.

Pullets for Hatchery Supply Flock Replacement (Code 926) – Pullets are raised from newly hatched chicks to about 15 to 22 weeks for layer flock replacement. Almost all pullets for broiler hatchery supply flock replacement are raised on production contracts.

Pullets for Table Egg Flock Replacement (Code 925) – Pullets are raised from newly hatched chicks to about 14 to 20 weeks for table egg flock replacement. Under a production contract, the hatchery or egg producer retains ownership of the birds.

Fertile Hatching Eggs (Code 921) – Producer cares for layers and gathers eggs which go to a hatchery. Virtually all broiler - type hatching eggs are raised by a production contract. Some respondents say they have a 'broiler' contract because they are paid by a broiler company. Be careful not to confuse an egg producer with a broiler growout contractee. Most EGG - type hatching eggs are produced by production contract, with the hatchery retaining ownership of the birds.

Table Eggs (Code 920) – Producer cares for layers and gathers unfertile eggs which go to a processor or an egg breaker. To be considered a production contract the egg processor or egg breaker would own the birds. Sometimes partners, such as feed mills, are involved, and all partners claim ownership of the birds.

Broilers, Chicks, Hatchery Run (Code 935) – Broiler chicks less than 3 days old direct from the hatchery. Normally, these are sold to small operations under a marketing contract (NOT a production contract). Exclude integrated contractor delivered birds to be raised under a production contract.

Roosters, Meat Type (Code 939) – Domestic chicken males raised from chicks to breeding age of approximately 25 weeks that will be used for meat. For the most part, these should be recorded as broilers unless they are kept for research purposes.

Roosters, Breeding Flock (Code 940) – Domestic chicken males raised from chicks to breeding age of approximately 25 weeks and will be moved to a hatchery flock.

2.3.3 Turkey Contractee Operations

Turkeys Growout (Meat Type) (Code 969) – This is a written contract to raise turkeys for meat production. The contractee will raise turkeys from poults received at 6 weeks of age from a brooder operation (growout operation) to market weight. Contract fee for this work is smaller than Code 970.

Turkeys All In/All Out (Meat Type) (Code 970) – This is a written contract to raise turkeys for meat production. The contractee will raise turkeys from newly hatched poults to market weight. Contract fee for this work is larger than Code 969.

Turkeys (Meat Type) Brooders (Code 967) – Brooder operations grow the chicks for about 6 weeks. After 6 weeks, the birds are moved to another facility (code 969) where they are grown out to market weight.

Poults Breeding Flock (Code 938) – Poults are raised from newly hatched chicks to laying age for the purpose of breeding stock replacement.

Eggs, turkey hatchery (Code 919) – Producer cares for turkey layers and gathers eggs which are separated into either a meat type turkey flock or a breeding flock.

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Chapter 3 - Survey Procedures

3.1 General

This chapter provides an overview of the questionnaires and other materials. General guidelines for collecting data are also discussed in this chapter. Administrative matters are covered in the NASDA Enumerator Handbook. The handbook also offers telephone enumerator training. The handbook is available online at: <https://www.nasda.org/?s=NASDA+Enumerator+Handbook>

3.2 Survey Materials

You will receive the following from your Regional Field Office:

- Questionnaires with labels identifying the assigned operations.
- Extra questionnaires without labels.
- Respondent Booklets containing Code tables and the survey cover letter.
- Supplements for questionnaires you are assigned, if applicable.
- Envelopes for mailing completed questionnaires.
- Other materials may also be provided by your Regional Field Office or State Office.

You should have these materials on hand:

- Interviewer's Manual (sent from RFO and/or found on NASDA.org)
- Highway and/or street maps
- Black lead pencils
- Name tag
- NASDA Identification Card
- NASDA Employee Handbook
- Ball point pen for completing NAS-011
- Calculator
- Clipboard

3.3 Questionnaire Versions

<u>Version</u>	<u>Color</u>
TOTAL/ARMS 3 Costs and Returns Report (CRR)	Blue

The Face Page of the questionnaire contains the respondent and partner labels. Pre-screening of respondents was done during Phase 1. Any previously reported data from Phase 1 (for List records) and 2024 June Area Survey (for NOL records) that is again asked in Phase 3 should be printed next to the question in the questionnaire. Screening is discussed in Chapter 4 of this manual.

3.4 Respondent Booklet

The Respondent Booklet contains information respondents need to reference when answering some survey questions, such as Code Lists. Since most versions are mailed to operators, most tables in the Respondent Booklet have been added to the questionnaire.

Tables remaining in the Respondent Booklet are the Crop Codes, Livestock Codes, List of General Business Expenses, Value Codes, and Grain Conversion table. Also, the Cover Letter that was included in the questionnaire mailing to operators has been placed on the front page of the Respondent Booklet.

3.5 Respondent Burden

Headquarters recognizes that this survey poses a heavy burden on respondents. The Sampling and Frame Development Section strives to minimize the burden on respondents in terms of multiple contacts per year and consecutive contacts from one year to the next. For the list sample, a special burden reduction procedure is used prior to selecting the screening sample to minimize most overlap with other major surveys (Crops APS, Hogs, Cattle, Labor), as well as ARMS from the previous year. However, there are situations where duplication with other major surveys is unavoidable.

You will reduce the reporting burden on the respondent if you are thoroughly familiar with the questionnaire and instructions. Follow "Go To" instructions carefully to avoid asking questions needlessly. If "Go To" instructions do not appear after an item, continue with the next item.

Also be aware of the estimate of average completion time in the burden statement. This figure is determined by either the actual average time from previous interviews or what NASS and the Office of Management and Budget (OMB) think the average completion time will be. The OMB is an agency that is required to review and approve all surveys conducted by the Federal government.

3.6 Entering Data

Use a black lead pencil to record data and make notes; never use ink on a questionnaire. Make all entries clear and easy to read. Entries in check boxes and Item Code boxes must be entirely inside the boxes.

Record responses in the unit required (such as acres, bushels, or dollars). If a respondent gives an answer in a different unit, write the answer outside the printed box, convert it to the required unit, and record the converted data in the box. If the answer is "none", check the "none" box. Record all zeros (unless instructions indicate to enter a specific code to indicate none or zero, such as when using Value Codes).

Make sure to record data to the nearest whole number, unless a decimal point is printed in the box. Locate numbers correctly in relation to decimal points and fill in every space printed after the decimal. If the respondent is unable or unwilling to provide a value to the exact number of decimal places, put zeroes in the decimal places instead.

If answers appear unreasonable but are valid, make notes in the margins or on the notes pages to explain. Do not write notes or make unnecessary entries in answer boxes.

3.7 Planning Your Work

The operator and/or operation name, mailing address and identification number are on the questionnaire label along with any other information the Regional Field Office has that might be helpful.

Mark the location of each operation assigned to you on a map before you begin the survey. Show the location by a small circle with the ID number or target operator name (or operation name) written beside it. Use this map to plan your daily travel; this will help keep travel expenses down and save time.

If you cannot locate an operator at the address on the label, utilize other sources in your area to help locate the operator. Try to do this early in the survey so you can put the information on your map as soon as possible. If you need additional assistance, contact your supervisor or Regional Office staff.

3.8 Interviewing

Interview the farm operator, if possible, because information collected from other people often is less accurate. However, if the operator says someone else is more knowledgeable, interview that person.

The ARMS Phase 3 is very detailed, which often requires an interview to be completed in person. It is advisable to call or visit each operator early in the survey period to set up an appointment to complete the interview at his/her convenience. During this initial contact, explain the survey purpose and importance, the scope of the interview and that it will be beneficial for them to have their farm records available during the actual interview.

If the operator will not be available before the survey is over, try to interview someone who is well informed about the operation. A partner, family member, or employee may know enough about the aspects of the farm operation covered in the questionnaire to give you the information needed.

The NASS rule-of-thumb is to make up to three attempts (the first visit plus two call backs) if necessary to get an interview. If you have an appointment or information from a neighbor on when to try to reach the operator, obviously you should return then. If not, make each visit at a different time of the day.

Respondents often ask how long the interview will take. Never contradict the burden statement; however, it is okay to add to it. For example, you might say: "The official nationwide average for this survey is 100 minutes, but the interviews I have done in this area averaged about minutes." Be honest about the average time, even if your interviews are averaging longer than the time estimate in the burden statement.

Put the respondent at ease about time and burden. Respondents are often not experts about their own finances and may not have their records in order. Because you know the survey

questions well, you will be able to help farmers find most of the information in their books or records. Make sure they understand you are helping them find the answers, not quizzing them on their records. Your expert knowledge of this survey will help minimize their effort while maximizing the quality of the data collected.

Encourage respondents to have their farm records at hand. If records are used, accurate information will be readily available and answering will take less interviewing time.

Always begin by reading questions exactly as they are worded in the questionnaire. You may also use any optional wording or explanations printed in the questionnaire. If the respondent still does not understand, or asks you to explain, then use what you learned in training and information from this manual to explain what is needed.

Ask questions in the order they appear in the questionnaire. Do not skip any questions unless instructions allow you to do so. Sometimes respondents will volunteer information you need later in the interview. When you get to a question the respondent already answered, take the opportunity to verify the information. Say something like, "I think you told me this earlier, but let me be sure I got it right," and then ask the question. This shows the respondent you were paying attention earlier and that you want to get things right.

Sometimes you will need to probe in order to get an adequate answer to a question.

You should probe when:

- the respondent cannot answer the question,
- the answer is not exact enough to record,
- the answer may be incorrect because it does not fit with the information already obtained
- you think the respondent did not understand the question.

The purpose of probing is to verify unusual data or to correct misreported data. Be careful when you phrase your probing questions that you do not influence the respondent's answers. Probes should be "neutral". That is, they should not suggest one answer over another. In fact, all questions should be asked in a neutral manner. Do not say things like, "What do I mean by marketing contracts? Oh, you must not have had any, did you?" Instead, say, "During the year, did this operation have any livestock marketing contracts for livestock raised?"

In another example, if a respondent tells you an expense is between two amounts, such as, "Oh, I guess the total was between two and three hundred dollars," you should ask, "Would you say it was closer to \$200 or \$300, or what amount exactly?" Probing is especially important early in the interview when the respondent is 'learning' from you what level of effort and accuracy are ideal. If you fail to probe, you may be suggesting that good answers are not needed.

Strike a balance between motivating the respondent to search out sound numbers and taxing the respondent to account for every nickel. Probes should also be "non-threatening." Be careful you do not appear to be questioning or challenging the respondent's answers. Do not say, "That can't be right! You just said you had 20 pigs, so your vet expense couldn't have been that high!" Instead, say, "Earlier you said that you had 20 pigs during the year. Can you tell me why your vet expenses were so high?" Then make notes of the respondent's answer.

The importance of good notes cannot be overemphasized. Notes are especially important when you find unusual situations, or the respondent explains why information that seems

incorrect actually is correct. Good documentation saves the Regional Field Office from having to re-contact the farmer to confirm the accuracy of the data. Also write down any complicated calculations you make to come up with an answer. These notes will help the survey statistician understand this operation when reviewing the questionnaire. Make sure the notes are clear and can be read. Never erase a note unless it is wrong. **Notes are the single most valuable editing tool available to the survey statistician!**

After completing each interview, be sure to review the questionnaire while the interview is still fresh in your mind:

- check all the answers for correctness and completeness,
- double-check your calculations, and
- make sure your notes are legible and make sense.

3.9 Fiscal Year versus Calendar Year

The questionnaires are designed to collect expenses and income for the calendar year. However, some farm businesses keep their books on a fiscal year basis, such as October 1 – September 30. In these cases, collect information for the operation's fiscal year and make a note on the questionnaire indicating the time period of the operation's fiscal year.

3.10 Non-Response

If an interview cannot be conducted, explain why on the questionnaire. Make a note about whether the operation appears to be a farm and any other information you think might be helpful to the Regional Field Office.

Most farmers are willing to cooperate on NASS surveys, but in every survey, some will refuse to cooperate. The key to reducing the chances of getting refusals is to be courteous and friendly, but persistent. Most respondents will greet you with basic questions about the survey. Be prepared to answer their questions confidently and concisely. Respondents will want to know what the survey is about, how long it will take and why they should report. Remember that during a Census year, completing the ARMS Phase 3 fulfills their mandatory Census of Agriculture obligations. You should develop and practice an introduction with which you feel comfortable. Your introduction should explain the purpose of the survey, the need for accurate agricultural statistics, and the confidentiality of the data. Make use of materials on the survey purpose provided at your Regional/State training workshop.

Above all, do not become discouraged when you get a refusal. Stay in touch with your supervisor. Continue to meet farm operators with ease, friendliness, and optimism as you contact other respondents in the sample.

3.11 Supervision

Your supervisor will set up an appointment to meet with you early in the survey. This visit will help you get off to a good start by spending some time to review a few of the interviews you have completed. Hold all your completed work until this review takes place unless you are instructed to do otherwise.

Your supervisor, or someone from the Regional Field Office, will contact a few of your respondents to conduct a quality check. The quality check will verify that you spoke with the person named in the questionnaire and that the respondent understood the survey procedures.

3.12 Completed Questionnaires

Turn in your completed questionnaires according to the instructions you receive from the Regional Field Office. If you think that under these procedures the last few questionnaires you complete might not reach the Regional Field Office before the final due date, call your supervisor.

Chapter 4 - Face Page and Screening

4.1 Face Page

4.1.1 Introduction

Before approaching the farm operator, develop and practice an introduction with which you are comfortable. In the introduction, include who you are, whom you represent and the purpose of the survey. Become familiar with the information in Chapter 1 of this manual and be prepared to answer general questions about the survey.

During your introduction, be sure to remind the respondent that all the data are confidential and used only in making State, Regional, and National estimates. In preparing for the interview, mention that using farm financial records (including milk checks, co-op statements, FSA records, etc.) are extremely helpful. These records do not have to be in perfect order to be useful. Make sure the respondent knows you will be conducting several of these interviews so you know the questionnaire very well and will help them find the answers in whatever records are available.


If the operator has multiple operations, only one operation is selected for this survey. For these situations, it is beneficial to recognize which operation has been selected so the operator can obtain the records for that particular operation. The label and preprinted screening information are helpful in this determination. It is important to keep in mind which operation is selected throughout the interview. Only the acreage, crops, livestock, income, expenses, assets, and debt for that selected operation are collected on the questionnaire. Assets, debt, and net cash income from all other operations are collected in Section M on the farm household.


Often when making the initial contact on this survey, you are only setting up an appointment to complete the questionnaire at a later date. If the Regional Office has included a Screening Supplement with a particular questionnaire **it is best to complete it on this first contact**, because you may find out information about the operation you need to discuss with the office. This procedure gives you plenty of time to contact the office before doing the full interview. Account for the screening time in notes so the interview beginning or ending time can be adjusted to more accurately reflect total interview time.


4.1.2 Target Label


123456789012345678901234567890123456789

Line 1 **Survey Code = AA BBBB BBBB CCCCC**

Line 2 Barcode 

Line 3 Barcode 

Line 4 Barcode 

Line 5 Barcode 

Line 6 **ID 12345678901** AA BB C DDD F EE QQ PPP

Line 7 GG HHH II JJ KKK-KKK-KKKK L MMM NNN RRR

Line 8 SSS-SSS-SSSS TTT OOOO

Line 9 Sequence Number

Line 10 Blank Line

Line 11 Operation Name

Line 12 Person Name

Line 13 Street Address

Line 14 Place Name ST 12345-6789

Line 24 Phone Other

<u>Line</u>	<u>Col.(s)</u>	<u>Field</u>	<u>Description</u>	<u>Prism Table.Field Name / Value</u>
1	1-12		Survey Code = ' (BOLD)	Value = `Survey Code =`
2-5			Barcode Layout Contains:	
	1-11		State Reporting ID (11 digits) (BOLD)	Reporter.State_poid
	12-13		Tract (2 digits)	Reporter.Tract
	14-15		Subtract (2 digits)	Reporter.Subtract
	16		Questionnaire Version (1 digit)	Reporting_Unit.Questionnaire_version
	17-19		Survey Identification Code (3 digits)	Survey.Survey_code
	20		Blank (1 digit)	
6	1-2		'ID'	Value='ID'
	4-14		State Reporting ID (11 digits) (BOLD)	Reporter.State_poid
	16-17	A	Tract (2 digits)	Reporter.Tract
	19-20	B	Subtract (2 digits)	Reporter.Subtract
	22	C	Questionnaire Version (1 digit)	Reporting_Unit.Questionnaire_version
	24-26	D	Survey Identification Code (3 digits)	Survey.Survey_code
	27	F	Blank Barcode Filler (1 digit)	
	28-29	E	Scoring Indicator (2 digits)	
	34-35	Q	Manager Flag	Value='MM' based on Opdom_status
	37-39	P	Multiple Operation Flag	Value='ZZZ' based on Opdom_status
7	1-2	G	District Code (2 digits)	Reporting_Unit.class3_code
	4-6	H	Op County Code (3 digits)	Reporter.Op_county_id
	8-9	I	Op Dom Status (2 digits)	Reporter.Opdom_status
	11-12	J	Active Status (2 digits)	Reporter.Active_status
	14-25	K	Phone Number (10 digits)*	Reporter.telephone_number (digits 1-3)-(digits 4-6)-(digits 7-10)
	28	L	Comment Flag	
	30-32	M	Supervisor Code (3 digits)	Reporting_Unit.class1_code
	34-36	N	Enumerator Code (3 digits)	Reporting_Unit.class2_code
	38-40	R	County Code (3 Digits)	Reporter.county_id
8	1-3	U	RFO Use (3 Digits)	
	14-25	S	Phone Number (10 digits)*	Reporter.oper_phone (digits 1-3)-(digits 4-6)-(digits 7-10)
	33-36	O	Sequence Number (4 digits)	Reporting_Unit.Subgroup3
	27-29	T	Method Code (3 digits)	
9	1-12		Sequence Number	Machine Sequence
10			Blank Line	
11	1-30		Operation Name (30 digits)	Reporter.Operation_name
12	1-30		Person Name (30 digits)	Reporter.Person_name
13	1-30		Street Address (30 digits)	Reporter.Addr_delivery

14	1-18 20-21 23-32	Place Name (18 digits) State Abbreviation (2 digits) Zipcode (9 digits)	Reporter.Place_name Reporter.State_abbrev Reporter.Zip5 (digits 1-5)-Zip4(digits 6-9)
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4.2 Screening Information

A screening survey (ARMS Phase 1) was conducted on the sampled operators to determine their operating status for the reference year. Area frame records were screened during the June Area Survey. The National Processing Center (NPC) will print any of this previously reported data in the questionnaire, next to the appropriate question. This pre-printed information on the questionnaire is used to help you make sure you are interviewing the correct sampled operation.

The following pre-printed information will be from the Phase 1 Survey or June Area Survey:

- Who responded to the screening interview (operator, spouse, etc.)
- How the screening interview was completed (mail, phone, etc.)
- Was the screening interview complete or did it have to be estimated
- Owned land
- Land rented to others
- Land rented from others
- Total acres operated
- Total cropland acres

These eight items can be used during the interview in one or more of the following manners.

- You can ask the question to the respondent and compare their answer to the response from the screening survey. If there is a discrepancy, verify that you have the correct answer.
- You can verify the pre-printed information. For example, you may ask "I have this operation's total land owned as 250 acres. Is this correct?"

4.3 Interview Completion Times

There are two methods to record the length of the interview: 1) beginning and ending times, 2) total time in hours. Interview times are used to determine how much respondent time was used (as a measure of respondent burden) to collect data. We are trying to reduce interview times as much as possible and still collect the high-quality data we need. Accurate reporting of interview time is critical for monitoring and evaluating survey burden and cost.

4.3.1 Beginning & Ending Times

Record the **beginning time**, in military time (Item Code=0004 on the front page of the questionnaire), of the interview when the respondent agrees to cooperate on the survey, and you actually start the interview.

When the interview has been completed, record the **ending time** in military time (Item Code=0005) or total time (Item Code=0008) on the back page of the questionnaire). If more than one person was interviewed or it took more than one appointment to complete the interview, times should reflect the approximate total time for the questionnaire.

Exclude the time you spend reviewing the questionnaire or verifying calculations by yourself after you have completed the interview. Be sure the ending time is after the beginning time entered on the face page.

4.3.2 Time in Hours

If multiple interviews occurred or multiple people were interviewed, the total interview time can be estimated, by recording the number of hours (to the tenth of an hour) in Item Code 0008 on the back of the questionnaire. **If Item Code 0008 is used, then do not use the beginning and ending times.**

4.4 List Frame – Verification of Sampled Operations

Questionnaires will be pre-labeled with names and addresses. If the first line (primary name line) of the label after the identification number line has an individual name (JOHN SMITH), this is the target name. If the first line contains a combination of individual names (JOHN AND BILL SMITH) or an operation name (SMITH FARMS), then the name on the next line (the secondary name line) is the target name. If the OpDom status is 99, then the operation listed on the first line is the target.

Remember: The target name NEVER CHANGES. The person actually operating the farm (the farm operator) may change, but the selected target (person or operation) name does not change.

The first thing you will do is verify the operator's (or operation's) name and address, and the names and addresses of any known partners. If there are partner labels, be sure the partner names and addresses are correct, and all partners are listed. Make any updates, deletions, or additions to the partners.

4.5 Area Frame – Verification of Sampled Operations

All of the area frame samples selected for the survey were identified as farm operators during the June Area Survey.

We are interested in the operation the way it existed on June 1, so ignore any changes that have occurred in the operation since June 1. For example, if the tract was individually operated in June and changed to a partnership in September, collect data for the individual operation for the time it existed (January through August). Do not collect any data for the partnership. **Collect data for the operation as it existed on June 1.**

We know that by using this rule we will lose some data for those few farms or ranches that were formed after June 1. However, there usually are not very many of these operations and they are generally relatively small. Therefore, they would not have much impact on the overall estimates from the survey.

If you find an error was made in June (the operating arrangement was incorrectly identified), make notes to explain the error, but complete the questionnaire for the operation **as it actually existed on June 1**. *If you have time between your first contact with the respondent (when you find out the June report was wrong) and your appointment to complete the survey interview, call*

the Regional Field Office and let them look up the corrected operating arrangement. If it is overlap with the List, you will not have to do an interview.

4.6 Screening Box on Face Page

If the respondent reports the target name is no longer farming, complete the Screening Supplement. Changes may have occurred if screening data were collected from someone other than the operator on the ARMS Phase 1 or June Area Survey or the information that was obtained was incomplete.

4.6.1 Completing the Screening Supplement

Farm operations in each state were sampled for the ARMS based on List Frame information about crop acreage, livestock inventory, and an estimated gross value of farm sales. Agri-business firms and agricultural services that do not have crops or livestock of their own should have been excluded from the sample, but it is possible some records were misclassified. Screening questions determine the eligibility of the selected name for this survey.

Institutional (abnormal) operations such as prison farms, private or university research farms, not-for-profit farms, and Indian reservations are out-of-scope for ARMS and should be excluded from the survey. If your assignment includes any of these farms, notify your supervisor or the survey statistician.

If an operation was in business during any part of the reference year, but went out of business during the year, **complete a questionnaire for the part of the reference year during which the operation did business**. If the operation was taken over by another operator or operation when it went out of business, make a note of this. This note should include a name, address, phone number and any other pertinent information.

Item 1 – Other Operation Name

Even though you have already verified the label, you need to ask this item to detect duplication and make sure the list is up-to-date. Indicate if this name should appear on the label in the future.

Item 2 – Crops, Livestock or Poultry

Check 'Yes' if the original target name grew any crops (field crops, fruit/nut crops, vegetables, oilseeds, specialty crops, hay, etc.) or had cattle, hogs, sheep, poultry, or other livestock during the reference year on the total acres operated. If 'Yes', go to Item 7. If 'No', continue to Item 3.

For the target name to qualify as growing a crop, the target name must have made the decisions on planting, caring for and harvesting the crop.

Include: field crops, fruit and nut crops, vegetables, mushrooms, flowers, nursery stock, greenhouse crops, hay, Christmas trees, etc.

Exclude: home gardens and crops received as payment for land rented to someone else

This screening question would also be checked 'Yes' if the target name had any livestock or

poultry, regardless of ownership, on the total acres operated at any time during the reference year.

Include:

- 1) All cattle, hogs, sheep, equine, goats, chickens, turkeys, ducks, geese, bees, rabbits, mink or other fur bearing animals, and fish that are raised commercially or for home consumption. FFA and 4-H livestock projects should also be included.
- 2) Operations that **own FIVE or MORE** pleasure horses and no other agricultural items.

Exclude:

- 1) Operations that have FOUR or fewer pleasure horses, and/or any number of other animals kept ONLY for pleasure use or as pets. For an operation to be excluded from ARMS, no other agricultural items (including hay produced on the operation) may be present.
- 2) Horse boarding operations, riding stables, or racehorse training operations that
 - a) do not have other agricultural items (i.e. has hay produced on the operation or breeds horses) unless they have more than 99 acres of pasture, or
 - b) keep separate accounting books from the farming operation's accounting books. If the horse boarding, riding stable, or race horse training operation's income and expenses can be broken out from the traditional agricultural enterprises' income and expenses, exclude the horse boarding, riding stable, or racehorse training operation.
- 3) Slaughter or packing houses, auction barns, stockyards, or other buyers. These operations have livestock which are committed for slaughter. The presence of these livestock alone does not qualify an operation for the survey.

Item 3 – Sales of Ag Products or Receipt of Government Ag Payments

Include sales of crops, livestock, aquaculture, and other products from the total land in the operation. **Include** any government payments received under the 7-year market transition program, conservation programs, etc.

This item should be answered 'No' when the target name is a landlord who sold agricultural products from or received government farm payments only for land which was rented out.

If this item is checked 'Yes', go to Item 7.

Item 4 – Idle Cropland and Pastureland

Target names with more than 99 acres of pastureland or 19 acres of idle cropland and no other agricultural commodities qualify as point farms. It is necessary to correctly identify these point farms to ensure their representation in the summary.

If this item is checked 'Yes', go to Item 7.

If Item 2, 3 and 4 are all 'NO', continue with Item 5.

Item 5 – Out-of-Business Determination

This item determines if anyone else is now operating the land formerly operated by the target name on the face page. Ask this item ONLY if the respondent answered 'No' to Questions 2, 3 and 4. If another operator has taken over the land from the target name on the label, record the name of the new operator and/or operation now operating the land. If the respondent answers

'No' to this item, probe to determine what happened to the land and make notes.

Item 6 – Enumerator Action

These instructions ONLY apply in rare cases where the selected target name is out-of-business. If the answer to Items 2, 3 and 4 are all 'No':

- On the Screening Supplement, enter Code '9' for the Reporting Unit in Item 7 and Item Code 9921 on the face page of the questionnaire.
- On the face page of the questionnaire, enter Code '1' in Item Code 0006, if not already entered.

Go to the back page of the questionnaire, enter code '1' in Item Code 9901 and complete date completed, ending time, respondent, mode, and enumerator codes, information.

Item 7 – Decision-Maker for This Operation

We are interested in how the operation was organized on a day-to-day basis. We do not care about the legal definition. Definitions of individual, partnership, and managed land can be found in the Ag Surveys Interviewer's Manual. Landlord-tenant, cash-rent, and share crop arrangements should not be considered partnerships.

When an individual operator is reported, enter Code "1". When a partnership is reported, enter the number of partners. **Include** the person listed on the face page and all of the other partners. If there are more than 5 total partners, consider this a managed operation and enter a Code "8". When a hired manager is reported, enter Code "8".

Item 8 – Other Operations

This is a screening question to find out if the target name made day-to-day decisions for any other operations in the reference year. Each additional (**non-managed**) operation must be listed or verified on the back side of the Screening Supplement. The information collected on the Screening Supplement will be used to update the List Sampling Frame.

If the operator does not have other operations OR if this is an OpDom 99 record (Item 8 is 'No'):

Enter a "1" in Item Code box 0923, return to the questionnaire and begin the interview.

If the operator has other operations (Item 8 is 'Yes'):

Item 8a – Total Number of Operating Arrangements

Enter the total number of operating arrangements, **including the sampled operation labeled on the face page** of the questionnaire in Item Code box 0922 on the face page. Entering a "2" indicates the operator makes day-to-day decisions for two operations (the one labeled on the face page of the questionnaire and one additional operation).

Item 8b – Identifying Additional Operating Arrangements

After entering the TOTAL number of operating arrangements in Item 8a, complete the information

for the second operation. If the target name had a third operation, complete the information on an additional Screening Supplement for this operation.

If the Regional Field Office already knows about additional operations associated with the target name, there should be additional screening supplements for these operations. Verify that the target name is still involved with each of these operations. Also, there may be partner labels for any or all of these operations. Verify the names and addresses of additional operations and partners associated with them. Mark out any operations the target name was not associated with in the reference year. If any partner names are not listed, add them with complete name and address information.

If the target name is involved (either as individual operator or as a partner) with any other operations which are not listed on a Screening Supplement, record these. In the partner space record the names of all of the partners (up to four) other than the target name associated with each of the additional operations.

Item 8c – Day-to-Day Decisions for Additional Operations

For each of the additional operations, check the appropriate box to explain how the day-to-day decisions were made in the reference year. We are interested in how the operation was managed on a day-to-day basis, not the legal definition of the operation.

4.7 Special Situations – Managed Operations

Treat Managed Operations as you would OpDom 99 operations, the target name is the operation.

If the operating arrangement for the target name on the face page is a managed operation and was still in business in the reference year, under a new hired manager, you will contact the new hired manager and collect data for the operation named on the face page. You will also need to contact the original target name to verify the other operations listed, and if that originally selected target individual has any additional operations you will list them on one or more Screening Supplement(s).

If the managed operation is no longer farming, complete the Screening Supplement and record the new operator and/or operation.

Chapter 5 - Completing the Questionnaire

5.1 Introduction - Layout

This chapter will describe, in detail, the questions in the Cost and Returns (CRR) version.

The sections of the CRR questionnaire are listed below. Each item on the list is hyperlinked to the place in this manual where the section is discussed.

- [Section A – Land in Farm/Ranch](#)
- [Section B - Acreage, Production, and Cash Sales](#)
- [Section C – Livestock Inventory, Number Sold/Removed, and Cash Sale](#)
- [Section D – Other Operations Growing/Feeding/Raising Livestock for this Operation](#)
- [Section E – Marketing and Production Contracts and Direct Sales](#)
- [Section F – Accounts Receivable and Deferred Payments](#)
- [Section G – Government Payments & Other Farm Related Income](#)
- [Section H – Operating and Capital Expenditures](#)
- [Section I – Farm Assets](#)
- [Section J – Farm Debt](#)
- [Section K – Personal Characteristics and Farm Management](#)
- [Section L – Type of Organization](#)
- [Section M – Farm Producer Household – Income, Assets, and Debt](#)
- [Section N – Conclusion](#)

5.2 Section A – Land in Farm/Ranch

5.2.1 Section Purpose

Section A has the following primary functions:

- 1) Measure the total land operated.
- 2) Determine the tenure arrangements and whether farmers are renting on a share, cash, flexible, or rent-free basis.
- 3) Account for rent paid and value of land rented from others.
- 4) Account for rent received and value of land rented to others.

Acres of owned and rented land are used to determine the total size of the farm under the operating arrangement identified on the label. Total acres are one measure of farm size used in reports and analyses. Knowledge of how much land is owned versus rented is the basis for studying farm tenure arrangements.

5.2.2 Acres Operated

General Instructions for Items 1-5

Items 1-4 account for acres owned, acres rented from others, and acres rented to others by this operation at any time during the year. Answers for these items are reported to the nearest whole acre.

For operations that were in business for only a part of the year, collect data for the part of the year when it was still in operation. If the operation went out-of-business before December 31, end-of-year inventory values for crops in storage or livestock should be zero when you ask about these later in the interview. However, you will usually find fairly large amounts of cash or other assets such as land contracts due from sales of farmland.

Exclude data for the part of the year that an operation was not in business including any income from renting the operation to others after this operation went out-of-business.

Sometimes an operator has several operating arrangements, such as an individual operation and a partnership operation, so be sure the questionnaire contains data only for the arrangement identified on the label.

Include:

- 1) All cropland, the farmstead, government program land, idle land, orchards, pasture, wasteland, wetland and woodland, regardless of location, if the operator made the day- to-day decisions for that land under the selected operating arrangement.

- 2) Land in another state that is part of the operation (if the operator made the day-to-day decisions for that land).
- 3) Land worked by sharecroppers. Sharecropper operations are considered part of the landowner's operation. A sharecropper is a worker who furnishes ONLY LABOR (his own and often his family's) for a share of the crop. Sharecroppers generally furnish no machinery, seed, fertilizer, etc.
- 4) All land in the operation that is used by the operator's children for 4-H or FFA projects, if the operation's equipment is used.

Item 1 – Acres Owned

Include:

All land owned by the operation such as cropland, the farmstead, government program land, idle land, orchards, pastureland, wasteland, wetland and woodland. Also include land held under title, purchase contract, homestead law, or as part of an estate (if someone associated with the operation is an heir or trustee).

Exclude:

Non-agricultural land separate from the operation (such as land in subdivisions, commercial buildings, timber, etc.) which is permanently out of agricultural use.

Sometimes you will find a situation where the operator (and/or partners) owns the land but has set up the operation so that the land is rented to the operation. This is done for tax and other financial benefits. When this occurs, do not include the acres the operation rents from the operator as owned acres. Treat them as you would acres rented from any other landlord and be sure the amount of rent paid is recorded.

If the operator (as a landlord to the operation) paid some of the expenses, you should also handle them the same as for any other landlord. You will usually have to probe very carefully in these situations.

Item 2 (a - d) – Acres Rented from Others

There are four categories of rented acres:

- 1) Cash rented acres with the payment being a fixed amount are recorded in item 2a,
- 2) Cash rented acres with the payment being a flexible amount are recorded in item 2b,
- 3) Share rented acres are recorded in Item 2c, and
- 4) Acres used rent-free are recorded in Item 2d.

Include:

All land rented from private individuals, partnerships, corporations, Federal, State or local governments, Indian reservations, railroads, etc. if the operation:

- 1) Paid fixed cash rent. (Item 2a)
- 2) Paid for use of land with a flexible lease agreement, including hybrid rental arrangements (agreements that involve both a cash payment and a share of the crop (either standing or harvested) or livestock

- production). (Item 2b)
- 3) Paid for use of the land with a share of the crops (either standing or harvested) or livestock production (no cash payment). (Item 2c)
 - 4) Had free use of the land. (Item 2d)
 - 5) Was privately owned by the operator but rented to the operation for tax purposes either for free or for rent. This land will not be considered an asset to the farming operation.

Exclude:

- 1) Grazing land rented on a fee-per-head or Animal Unit Month (AUM) basis, including public lands the operation has grazing rights, sole use, or year-round use of.
- 2) Land on which the respondent's livestock were fed under a contract (for example, commercial feedlots).
- 3) Shared livestock production that does not involve land rental.
- 4) Short-term land rental agreements where the operator will graze livestock for a period of 2-6 months, after which the landlord will harvest crops later in the year or has already harvested a crop. In this case, the landlord "operates" the land.

If the operation is a corporation that rents land from the operator (who is a private individual landowner), record the land as rented from others.

Be sure you obtain the full number of rented acres from the respondent. Farmers/ranchers often do not consider the land they rent as including woods or wasteland; they only include the land used for agricultural production (crops or grazing). The landlord, on the other hand, may consider the whole parcel rented. If the renter was responsible for looking out for the owner's interest in the woodland and/or wasteland, or had the right to cut firewood, hunt, etc. on the acres, then these acres should be included as acres rented from others.

Many land rental arrangements now feature flexible cash rents, in which the actual rent paid may vary with prices, yields, or gross revenues. **Include** flexible cash leases in Item 2b.

Item 3 – Acres Rented To Others

Include:

- 1) Land this operation owned which was rented to another operation for cash. This land should also be included in Item 1.
- 2) Land this operation rented or leased from someone else but which it subleased to another operation. This land must also be included in one of the categories in Item 2.
- 3) Land rented to others for which this operation received a specified amount of the crop or livestock produced, a share of the crop or livestock produced, or other non-cash compensation.
- 4) Land this operation let someone else use without ever intending to receive

- payment (rent-free).
- 5) Pasture or grazing land rented out on a per acre basis for the whole productive season. **Exclude** land rented out on short-term land rental agreements where the renter will graze livestock for a period of 2-6 months after which the operator will harvest crops later in the year or has already harvested a crop.
 - 6) Privately owned land administered by a Public, Industrial, or Grazing Association (PIGA) agency as part of a range grazing unit on a fee-per-head or AUM basis through exchange-of-use. This land should also be included in Item 1.
 - 7) Land owned but managed for a fee or salary by someone else.
 - 8) Land used for such purposes as cell phone towers, pipelines, roadways, windmills, oil wells, etc., in which the operation receives a payment. The income received from these items is included in Section G, Item 3g, 3h, or 3i.

Exclude:

- 1) Land enrolled in Government programs for which this operation has enrolled and makes day to day decisions (e.g., acres in the Conservation Reserve Program).
- 2) Land worked by sharecroppers on this operating unit.
- 3) Land used by a child for 4-H or FFA projects if the operation's equipment was used.
- 4) Land on which crops were grown under contract by this operation.
- 5) Land on which the operator fed livestock under contract for someone else (for example, commercial feedlots).
- 6) Land used for pasturing someone else's livestock when payment was made on a fee-per-head or AUM basis.
- 7) Land rented out on short-term (grazing) rental agreements where the "renter" (livestock owner) will graze livestock for a period of 2-6 months after which the operator will harvest crops later in the year or has already harvested a crop. Since the livestock owner in this case is not making decisions about the management of the land, the land is not rented out. This differs from Ag Census.

Item 4 – Total Acres Operated in this Operation

The operation's total farming/ranching operation is the total of Items 1 + 2a + 2b + 2c + 2d - 3. Verify this total with the respondent because it is the basis for the rest of the interview. Be sure this total includes all cropland, the farmstead, government program land, idle land, orchards, pasture, wasteland, wetlands and woodland associated with this operation.

For remaining sections of this questionnaire, data will be collected for the operation as defined by the acres in Item 4.

Item 5 – Acres Considered Cropland

Cropland is any tillable land currently in crop production or land that has previously been tilled and used for crops and could be tilled again without additional improvements.

Include:

- 1) Land in crop-pasture rotation and cropland used for pasture or grazing during the current year.
- 2) Land in summer fallow.
- 3) Idle cropland (no crops planted or harvested in current year).
- 4) Cropland diverted for government programs (including CRP), unless the land is planted to trees.
- 5) Fruit orchards, vineyards, nut trees, and citrus groves.
- 6) Vegetables, melon crops, and other specialty food crops.
- 7) Nursery crops, turf grass, sod, and Christmas trees.
- 8) Land in hay crops, including wild hay.
- 9) Pastureland that has been tilled in the past and the land could be tilled again without first clearing brush, trees, undergrowth, etc.

Exclude:

- 1) Pasture and rangeland that has never been tilled.
- 2) Government program acres planted to trees. These acres are woodland.
- 3) Woodland and wasteland.

5.2.3 Organic Land

Item 6 – Organic Land

Record the number of acres owned and operated in column 1, owned and rented to others in column 2, and rented and operated in column 3 for Items 6a-c.

6a. This is land that is certified organic by the USDA, or a USDA approved certifier.

6b. This is land that is in the process of transitioning to organic land.

6c. This is land for which **the operator paid** for the organic certification after purchase or rental. Note that these acres can be the same as acres reported in 6a.

6. For the acres **OWNED** and **RENTED** in 2024, how many acres were:

2449 1 No organic acres
(If checked, go to question 7)

	Acres OWNED and OPERATED	Acres OWNED and RENTED TO OTHERS	Acres RENTED and OPERATED
a. USDA Certified organic. 2381	0115	2382	
b. Transitioning to organic. 2383	2384	2385	
c. Certified organic by <u>your operation</u> after purchase or rental. 2386	2387	2388	

5.2.4 Land Rented From Others

This section collects information on the cash rent paid and/or the value of the landlord's

share of production on land rented from others. It also obtains the operator's best estimate of the total market value of all the land and buildings Cash Rented, Share Rented, or Used Rent Free by the operation during the year.

Item 7 – Cash Rent Paid for Acres Rented From Others

Include rent for land and/or buildings. Record the total amount paid during the year to all landlords for cash rented acreage. When an operator rents buildings, they are renting the land under the buildings as well. The land cannot be used by the landlord if the building is rented. If the operator rents the buildings only, record the number of acres the building site covers in Section A, Item 2a.

Ask this question even if no land was rented during the reference year. The operation may have paid rent for land operated in a prior year or pre-paid rent for the upcoming year. If we skip this question just because the operation did not rent any land in the reference year, we might miss previous year's rent paid or rent paid in advance. If an operation had more than one cash rental arrangement, the sum of **all** the individual rents should be recorded.

For crops such as sugarbeets, co-op shares may be rented with or without associated land. The rent, if any, associated with the rental of the land, should be included in this item.

Exclude:

- 1) Any government payments landlords received from these acres.
- 2) Any short-term livestock grazing arrangements where the livestock owner grazes livestock for a period of 2-6 months after which the operator will harvest crops later in the year or has already harvested a crop. The payments for this short-term grazing arrangement should be recorded in Item 8b.

Buildings for Non-Agricultural Purposes:

If the operation rented a building for a non-agricultural use (for example, a packing shed), determine whether or not the operator keeps income & expenses of the packing shed separate from the agricultural enterprise.

If the financial records are kept separately, do not count the packing shed rental as part of the farm. Record it as part of the profit or loss of a separate business in Farm Producer Household – Income, Assets, & Debt (Section M) Item 1c. Also, record any other income and expenditures of the packing shed in Section M and **NOT** in Sections E through K of the ARMS questionnaire.

If the financial records are kept together, count the packing shed rental as part of farm rent in this item. Also, record any income or other expenditures of the packing shed in the appropriate items in Sections E through K of the ARMS questionnaire.

Item 8a – Usage Fees Paid for Use of Public Land

(Mostly found in AZ, CA, CO, ID, MT, NE, NV, NM, ND, OK, OR, SD, TX, UT, WA, and WY)

The operations that use public, industrial or grazing association land will likely have rental payments on an AUM basis. This is usually controlled by the Bureau of Land Management (BLM), the Forest Service (FS), Bureau of Indian Affairs (BIA), or by grazing associations, energy companies, timber companies or railroads.

Include expenses for use of **public** land, industrial land or grazing association land associated with a range grazing area (allotment or unit). **Include** all expenses for any year, as long as they were paid in the reference year.

Exclude expenses for use of land controlled by private individuals or partnerships even if the operator reports livestock were pastured on an AUM basis on this land.

If the operation owned (or rented from others) land which was administered on an exchange-of-use basis, these acres should be reported as owned in Item 1 or rented from others Item 2 and as acres rented to others in Item 3. Record the gross fees paid in Item 8a. The value of the cash rent received for the land administered on an exchange for use basis is recorded in Item 10.

Item 8b – Amount Paid for Pasturing Livestock on Private Land

Excluding contract arrangements, record the total amount paid in the reference year for pasturing or grazing livestock on **privately** owned land on a fee-per-head, AUM, gain, or other basis.

Include expenses for a 2-6 month rental where the operator will graze livestock, and the landlord will harvest crops from the same land later in the year or has already harvested a crop.

Exclude expenses for pasturing or grazing livestock on public land. These expenses should be recorded in Item 7a.

Item 9a – Landlord's Share of Crop Production (Market Value)

Record the total MARKET VALUE of all commodities from Section B given to landlord(s) in return for use of the land. The value of the landlord's share is defined as the value at the time the landlord takes possession of the crop. This value could be zero if no crop shares were marketed during the year. Probe to make sure that the operator does not include the value of hay or other crops that were used on the farm. This item is very important because it is used to determine the value of the landlord's share for rent.

Item 9b – Landlord's Share of Livestock Production (Market Value)

Before asking this item, probe to find out if any of the operation's share-rented acres involved livestock production in **Section C**. Record clear notes if livestock are unrelated to share rent of land.

Record the Market Value of the share of livestock production given to landlord(s) during

the year. The value per unit of the landlord's share is defined as the price at the time the landlord takes possession of the livestock. This value could be zero if no shared livestock were marketed during the year. In this case, write a note to indicate that zero is valid. If the respondent does not know the value, probe for the best estimate.

Exclude livestock production not associated with land. Shared livestock production that is not part of a land rental arrangement (such as raising cattle on shares) should be reported in Section C. See section 5.6.3.1 for an example of recording cattle on shares.

Item 10 – Value of Land & Buildings on Acres Rented From Others

Record the operator's best estimate of the total market value of all the land and buildings Cash Rented, Share Rented, or Used Rent Free by the operation during the year. (This should correspond to acres reported as rented in Section A, Item 2 and does not include grazing land rented on a fee-per-head or AUM basis.) **Include** the value of any water rights, any mineral rights, permanently installed irrigation equipment, frost protection systems, permanent plantings in orchards, groves, vineyards, Christmas trees, grazing permits, etc., that go with the land.

Exclude the value of water or mineral rights if they were sold.

Item 11 – Number of landlords

Record the total number of different landlords from which this operation rented land from in 2024. An agricultural landlord is defined as one, who leases, or rents, farmland to others. Landlords include individuals or families; partnerships; family- and nonfamily-held corporations; and other organization types such as trust or estate forms of ownership, lawsuit judgments, and foreclosures.

Item 11a – Number of landlords who are farm operators

From the total number of landlords reported in Item 11, record the number of landlords who also operated a farm or ranch in 2024. A landlord is an operator of a farm or ranch if he or she was involved in day-to-day decisions for a farm during 2024. **Include** any landlords that may have only been in business for part of 2024.

5.2.5 Land Rented To Others

Item 13 – Cash Rent Received for Acres Rented to Others

Do not skip this item even if the operation rented no land out during the year. The operation may have received income during the year for land rented to others in a previous year, or the operation may have received a pre-payment of land to be rented the following year.

Include rent for land and/or buildings. Record the total cash rent received during the year, for all land rented to others for cash.

Include:

- 1) Rent owed to the operation for a previous year received during the reference

- year. Any rent received in advance for a later year should also be included.
- 2) Government payments received in association with these acres.
 - 3) For privately owned land administered by a Public, Industrial, or Grazing Association agency as part of a range grazing unit on a fee-per-head or AUM basis through exchange-of-use, include the value of AUMs administered by BLM under exchange for use.

Exclude:

- 1) Government payments received by the tenant in association with these acres.
- 2) Short-term livestock grazing arrangements where the livestock owner “rents” land to graze livestock for a period of 2-6 months, but the operator will harvest crops from the same land later in the year or has already harvested a crop. The payments received for this short term grazing arrangement should be recorded in Section G Item 3b.
- 3) The income received from cell phone towers, underground pipelines, roadways, etc. should be included in Section G Item 3i.
- 4) The income received from windmills, wind turbines, oil wells, etc. should be included in Section G Item 3h.

Item 14 – Share Rent Received for Acres Rented to Others

Do not skip this item even if the operation did not share rent land out during the year. The operation may have received its share of commodities in the reference year for land it rented to others in the previous year. Record the total value of the share of production received by the operation plus the value of all government payments received in association with the share rented land.

If the operator (as a landlord) has received his share of the production but has not sold it yet, record the operator's best estimate of its market value plus the amount received in government payments associated with the share rented land.

Be sure that commodities the operator gets in payment of share rent **ARE NOT INCLUDED** in the sales reported.

Item 15 – Value of Land & Buildings on Acres Rented To Others

If land is rented to others (Item 3), record the operator's best estimate of the total market value of all the **owned** land and buildings RENTED TO OTHERS. (This should correspond to acres reported as rented to others in Section A, Item 3.) Include the value of any water rights, any mineral rights, permanently installed irrigation equipment, frost protection systems, permanent plantings in orchards, groves, vineyards, Christmas trees, grazing permits, etc., that go with the land. Exclude the value of water or mineral rights if they were sold.

Item 16 – Debt remaining on acres rented TO OTHERS

Record the end-of year balance remaining to be paid on the original acquisition cost of owned land rented to others during 2024. Response should be reported to the nearest whole dollar.

Item 17 – Ownership costs on acres rented TO OTHERS

Record the total dollars spent by the operation for expenses related to the ownership of acres rented or leased to others. Response should be reported to the nearest whole dollar. These expenses include property taxes; interest payments; insurance; accounting, attorney fees, and other professional or farm management services.

Item 18 – Production costs on acres rented TO OTHERS

Record the total dollars spent by the operation for expenses related to agricultural production on owned land. Major cost items include: seed, fertilizer, chemicals, labor, fuel, utilities, repairs, etc. Record this entry to the nearest whole dollar.

Item 19 – Capital costs on acres rented TO OTHERS

Record the sum of expenses incurred during 2024 by the operation for capital expenses related to owned land rented to others for agricultural purposes (Land improvements, irrigation systems, ponds, trucks, tractors, implements, buildings, etc.). Record this entry to the nearest whole dollar. Some capital expenses may have a dual purpose for operated acres and acres rented or leased to others. Capital expenses that fall in this category should be reported in Section A, Item 18 as well as in Section H.

Item 20a – Acres rented/leased to others (Fully paid for)

Record the number of acres purchased under mortgage, or acquired under other financial arrangements that were fully paid for and rented or leased to others in 2024. Include acres that were inherited, or received as a gift and are fully owned and then rented out.

Item 20b– Acres rented/leased to others (Not fully paid for)

Record the number of acres purchased under mortgage or acquired under other financial arrangements rented or leased to others in 2024, which were NOT fully paid for as of Dec 31, 2024. These acres would correspond to the dollars reported in Item 16. Exclude acres that were inherited, or received as a gift from another entity and then rented out unless a debt was inherited with the land.

Item 21a – EQIP/CREP Program Acres leased TO OTHERS

Record the total acreage of land rented or leased to others that is enrolled in any government sponsored conservation program **except for CRP** in Item 21a.

Item 21b – Acres rented or leased to others under conservation easement

Record the number of owned acres rented or leased to others that have easements in place. Agricultural easements are permanent or long-term restrictions on land use and typically protect land from development and other non-agricultural uses.

Item 22 – Tenant and Lease information for owned land rented to others

Record the total number of tenants the operator had in 2024. Tenants that have multiple leased locations or multiple contracts from the same operator should only be recorded once. Include tenants that are renting owned and non-owned land from the operator.

Item 23 – Tenant and Lease information for owned land rented to others

Record the following information for up to three tenants the operator rented owned land to in 2024. If the operator had more than three tenants, report for the three that rented the largest number of acres in 2024. Exclude out-of-state tenants unless their rented in-state land still justifies the tenant as one of the 3 largest for the landlord. If three or fewer tenants exist all tenants should be accounted for from Item 21. Include tenants that are renting owned and nonowned land from the operator.

- A. Record the total acres each tenant rented for fixed cash, flexible cash (hybrid), rented on shares or rented for free from the operator in 2024.
- B. Record the total number of years the operator rented land to the tenant. Enter 1 if less than 12 months.
- C. Record the type of rental agreement (fixed cash, flexible cash (including hybrid), share and free) used in 2024.
- D. Record whether the tenant is related to you or another operator of this operation by blood or marriage. Include adopted/foster relatives.
- E. Record whether the lease is written.
- F. Record whether the lease payments can be adjusted due to extenuating circumstances.
- G. Record how often the lease is renewed.
- H. Record if you live in the same county as the majority of the land rented to the tenant.

Item 24 – Landlord Involvement in Management Decisions

For the owned acres rented or leased to others, indicate the landlord's involvement in each practice listed in Items 24a-i. Remember the respondent is the landlord in this case. In the situation where a landlord has multiple tenant agreements, for each practice report the code that applies to the majority of rented acres.

5.2.6 Land Use, Acquisition, Future Transfer, and Energy Rights

Item 25 – Land Use

This section collects information on how the land owned by this operation (reported in Section A, Item 1) was used in 2024 along with details particular to the transition of ownership of both types of acreage. The owned land is split between acres operated by this operation and acres rented to others. Note that owned acres rented to others are not always the same as acres rented to others in Section A, Item 3 since an operation can rent acres and then rent out some or all of those same acres. In this section, each acre in this operation should be reported only once, even though the land may have been used for more than one purpose.

Record the number of acres owned and operated in column 1 for each land use in Items a-d. Record the number of acres owned and rented to others in column 2. Note that this series of questions ignores acres that the operation rents from others, which are the majority or all of total acres for many operations.

25a. Orchards/vineyards: Record the number of acres in orchards, vines in vineyards, other perennials in the field, Christmas trees, and short-term rotation woody crops.

25b. Cropland: Cropland is any tillable land currently in crop production or land that has previously been tilled and used for crops and could be tilled again without additional improvements. *(Our standard cropland definition is included below, with obvious items removed that exist in other categories within Item 24. Note that the difference between item 24b and Item 5 is that 24b accounts for the owned land only. Item 5 may include land rented from others.)*

INCLUDE:

- Land in summer fallow.
- Idle cropland (no crops planted or harvested in current year).
- Cropland diverted for government programs (including CRP), unless the land is planted to trees.
- Vegetables, melon crops, and other specialty food crops.
- Nursery crops, turf grass, and sod.
- Land in hay crops, exclude wild hay.

EXCLUDE:

- Pasture and rangeland that has never been tilled.
- Wild hay land. Although this is considered a crop, wild grasses cut for hay should not be included in acres of cropland.
- Government program acres planted to trees. These acres are woodland.
- Woodland and wasteland.

25c. Pastureland: Record the number of acres in permanent pasture, woodland pasture, other pasture including cropland pasture and rangeland and government programs involving pasture land.

Permanent pasture and rangeland - This land use item includes pastureland and rangeland, other than woodland pasture or cropland, normally used for pasture or grazing. It usually includes land referred to as meadow, prairie, or range and consists of various types of grasses, such as bunch grass, shortgrass, buffalo grass, bluestem, bluegrass, switch grass, etc. It also includes land predominantly covered with brush or browse. Pastureland or rangeland containing desert shrubs, sagebrush, mesquite, greasewood, mountain browse, salt brush, cactus, juniper, pinion, etc., are to be reported here. Also, include grazing lands that were improved by seeding, liming, fertilizing, irrigating, drainage, or controlling brush or weeds.

Woodland pastured - Report all woodland or timber tracts, natural or planted, used for pasture or grazing. Cut over or deforested (clear cut) land improved for pasture. Pastureland or rangeland also may include land containing desert shrubs, sagebrush, or mesquite land. **Exclude:** Land planted for Christmas tree production. This should be reported in orchards/vineyards.

Other pasture and grazing land - Include: Land pastured or grazed which could have been used for crops without any additional improvements. Additional improvements include removal of rocks, terracing, removing trees, etc. before crops may be planted or hay harvested. **Exclude:** acres of corn, sorghum, soybeans, hay, and cowpeas that were hogged-off or grazed **after** harvest. Report these harvested acres only once in Cropland.

25d. Other land: Record the number of acres in all other land including: forest, woodland not pastured, farmsteads, roads, ditches, wasteland. Also, include all land in this operation that does not fit the definition of the other land use categories listed in Item 25a-c.

Woodland not pastured - Includes cut over and deforested land with new or remaining growth that has future value as wood products and was not pastured in 2024.

Items 26a-g – Land Acquisition

Record the number of acres owned and operated acquired by each method described in Items 26 a-g in column 1 and the acquired method for acres owned and rented to others in column 2. Relatives include all family members associated by blood, marriage, or adoption.

Item 27 – Like-kind exchange

Record if any of the acres in Item 26 were purchased as a like-kind exchange. A like-kind exchange is a tax strategy, also known as a 1031, and allows capital gains taxes to be deferred on investment property that is sold so long as another “like-kind” purchase is made.

Item 27a – Year of Like-kind exchange purchase

For each of the time periods in 27a(i) – (iv), record the number of acres owned and operated and purchased as a like-kind exchange in column 1 and the number of acres owned and rented to others purchased as a like-kind exchange in column 2.

Item 28 – Anticipated Land Transfer

Indicate if the operator anticipates transferring ownership of any owned land during the next 5 years. A transfer of ownership can include any of the following methods; sold to a relative by direct sale or broker, sold to a non-relative by direct sale or broker, transferred by gift, put or kept in a trust, or put or kept in a will (even though ownership will transfer at an unknown time in the future).

Item 29 – Anticipated Land Transfer methods

If Item 28 was marked yes, record the number of acres owned and operated that the operator plans to transfer by each method within the next 5 years. Items 29 a-e are divided between column 1, the number of acres owned and operated, and column 2, acres owned and rented to others. Items 29e and 29d refer to action of executing a will or trust and the action of setting up each method.

Item 30 – Energy rights sold on Owned Land

Record whether oil and gas, mineral, development, recreational, or other rights to resources have been sold from owned acres in Items 30a-e. Indicate the number of acres included in the sale of those rights and record the year the rights were sold.

Item 31 – Energy rights leased on Owned Land

Record whether oil and gas, mineral, solar, wind, recreational, or other rights to resources have been leased from owned acres in Items 31a-f. Indicate the number of acres included in the leasing of those rights and record the first year of the lease agreement.

5.2.7 Direct Sales

Direct sales include all products, both processed (or value-added) and unprocessed, produced by this operation and sold directly to consumers, for example at farmers markets, or sold to consumers through intermediate market channels, either as sales at retail outlets or to restaurants, workplace/school dining facilities, or hospitals. Previous statistics based on ARMS data show that intermediate channels account for the largest share, by far, of local foods sales. Like farmers markets, intermediate channels are also important because of their AMS/USDA program focus. The goal of these questions is to collect information for farm operations who marketed their products to consumers through intermediate market channels (short supply chains). That includes farms that market directly to the final consumer of the product, but it could also include farms that market to a business or institution known to market directly to the final consumer.

Item 32 – Direct Sales

Record if this operation produced, raised, or grew any crops, livestock, poultry, or agricultural products that were sold directly to individual consumers, retail outlets, institutions, or regional distributors that sold directly to individual consumers such as restaurants, grocers, food hubs or local food aggregators, or institutions such as schools, hospitals. The Respondent Booklet includes examples of these types of markets. **Include** all products, both processed (value-added) and unprocessed. **Exclude** commodities produced under production contracts and products purchased and resold.

Item 33 – Gross value of sales of edible and non-edible products

Record the gross value of sales of the edible products in column 1, and the gross value of sales of the non-edible products in column 2, for each of the sales channels in Items 33a-d.

- **Edible** products are those sold as food for humans to eat or drink.
- **Non-edible** products include items such as hay, livestock fed or raised, cut flowers not intended for consumption, Christmas trees, nursery products, wool, etc.

33. For each sales channel, report the Gross Values of Sales of **Edible** Products in column 1 and the Gross Value of Sales of **Non-edible** Products in column 2. Refer to the Respondent Booklet for definitions and examples of Edible and Non-Edible products.

	(1) Gross Value of Sales of Edible products		(2) Gross Value of Sales of Non-edible products
a. Consumers 4170	\$.00	5768	\$.00
b. Retail markets 4172	\$.00	5769	\$.00
c. Institutions 4165	\$.00	5770	\$.00
d. Intermediate markets 4167	\$.00	5771	\$.00

Item 34 – Gross value of sales of processed or value-added products

Record the gross value of sales received in 2024 of all processed or value-added products produced and sold by the operation from its own agricultural production.

5.3 Section B – Acreage, Production, and Cash Sales

5.3.1 Section Purpose

Acreage and production reported for crops are used to develop estimates of the value of crops produced. This information is also important to determine the types of crops grown. For example, are farms diversifying by growing a more varied mix of commodities?

Survey weights will be adjusted/calibrated so that expansions of harvested acreage for many crops reported in these sections match official NASS estimates at regional and national levels.

To avoid double counting crop and livestock value of production, the quantity of hay, grain, and other commodities produced and used on the farm must be subtracted out of total production. For example, grain fed to livestock would be reflected in the value of livestock production rather than grain production. Crops sold are not used on farm and unless livestock are present, most commodities are not 'used on farm'.

5.3.2 Crop Acreage and Production

General Instructions

This section accounts for all crops harvested on the selected operation during the year. All harvested acreage figures should be rounded to the nearest whole acre, except potatoes, tobacco, and nursery/greenhouse crops, which are reported to the nearest tenth of an acre. Total production and 'used on this operation' must be reported in the unit pre-printed on the questionnaire, such as bushels for corn for grain.

For operations that were in business for only part of the year, collect data for the part of the year when they were operating.

Acres not yet Harvested:

If a planted crop would normally be harvested before December 31 (corn, soybeans, etc.) but harvest was delayed until the following year because of weather conditions, equipment problems, etc., it should be included in Column 2 "Acres Harvested," with the estimated production included in Column 3 "Total Production".

Cash or Open Market Sales:

For income received in the reference year, report the dollar amount this operation received after subtracting marketing expenses. Exclude contract sales or removals and landlord's share of sales.

Crop Revenue from Previous Year's Production:

If income was received in the reference year for a crop harvested in a prior year, add those dollars to sales (if any) of the same current year crop sold. If there is no current production of that crop, record the dollars in Column 5 but leave Columns 2 through 4 blank.

5.3.3 Crop Columns 1-5

Column 1 – Crop

Most major field crops are reported in this section. The questions for crops always relate to the total acres in this operation recorded in Section A, Item 4. **Include** all crops harvested from these acres, but exclude any crops harvested from land rented or leased to others or worked on shares by others during the year.

This column identifies the crops harvested on this operation during the year. The crops are divided into four categories: Field Crops, Small Grains, Dry Hay Crops, and Other Crops. Within each category, crops of interest are indicated. These may be specific crops, such as corn for grain, or more general, such as fruits, nuts, and berries.

5.3.4 Commodity Specific Instructions

Field Crops:

Corn

Record the acres of corn harvested for grain, seed, silage, or greenchop. Corn harvested for seed should be included as corn harvested for grain. Do not report field corn or sweet corn where hogs were released into standing corn for harvest (“hogged-off”).

Exclude:

- Sweet corn should be included in All Other Crops.
- Popcorn and high moisture corn (for non-grain purposes) should be included in All Other Crops.
- Do not report field corn or sweet corn “hogged-off” as a harvested crop.

Cotton

Record all types of cotton harvested. If cotton was grown in a "skip" row pattern, count only the land harvested for cotton, excluding the skip row acreage.

Peanuts

Record only peanuts harvested for nuts.

- **Exclude** peanuts cut for hay; record as “Hay, Dry, All Others”.

Potatoes

Record potato acreage to the nearest tenth of an acre.

Exclude:

- Potatoes produced for home consumption.
- Sweet potatoes should be included in All Other Crops.

Rice

Include only short, medium, and long grain varieties. Brown and wild rice should be reported as All Other Crops. If rice was harvested twice from the same planted acreage (a ratoon crop), count the acreage only once but record all production.

Sorghum

Include milo.

Exclude sorghum-sudan crosses harvested for hay.

Soybeans

Include only soybeans harvested for beans.

Exclude soybeans cut for hay; record as "Hay, Dry, All Others" and soybeans cut for greenchop, haylage, or silage as "All Other Crops".

Tobacco

Include all types of tobacco harvested in the reference year. Record tobacco acreage to the nearest tenth of an acre. If "skip" rows or "sled" rows were present, record only the actual tobacco acreage.

Exclude tobacco transplants that were grown and sold from this operation; record transplants as Nursery and Greenhouse Crops.

Small Grains:

Wheat for Grain

Include all types of wheat (winter, durum and other spring) harvested for grain or seed.

Exclude mixtures of wheat, oats, barley, and other grains planted for use as hay, forage or silage crops. If they were harvested for hay, these mixtures should be recorded in "Hay, Dry, All Others". If they were harvested as silage, they should be recorded in "All Other Crops". If the crop was not harvested (only grazed), do not record it at all.

Do not double-report the acres or quantity produced of straw baled from small grain crops that were previously harvested for grain or seed. Report straw sales in the appropriate type of grain from which it was made. For example, if spring wheat straw was sold, include the sales (along with any wheat grain or seed sales) in Item Code 156.

Dry Hay Crops:

Include only acres cut for hay. If a hay crop and haylage are harvested from the same acres, record this as double cropping with the hay reported in the appropriate line and the haylage reported in "All Other Crops". Haylage is baled at a higher moisture content than dry hay.

Alfalfa and alfalfa mixtures harvested for dry hay should be recorded under "Hay, Dry, Alfalfa and Alfalfa Mixtures".

All non-alfalfa hay harvested for dry hay, including wild hay, should be recorded under "Hay, Dry, All Others".

If two or more cuttings of the same crop were made from the same field:

- 1) Record the acreage only once.
- 2) Record the total production from all cuttings combined. For example, suppose two cuttings were made from a 50-acre hay field with the first cutting producing 105 tons and the second cutting yielding a total of 65 tons. The total production for the 50-acre crop would be 170 tons (105+65).
- 3) If hay was cut from the same land from which small grains were harvested for grain,
 - a) Record the acreage cut for hay as "Hay, Dry, All Others."
 - b) Record the acreage harvested for grain in the appropriate item in the Small Grains section.

Exclude acres "harvested by grazing", straw and stubble, except for the value of sales. Value of sales is recorded in the item code associated with the grain from which the straw was made.

Acreage from which only grass silage, hay silage (haylage), greenchop, or alfalfa seed were harvested should be reported in "All Other Crops".

Acreage harvested for grass seed such as bermuda, sorghum, alfalfa, etc. should be reported in "All Other Crops".

Other Crops:

Other Oilseeds

Include all other oilseeds harvested (oil and non-oil varieties, and crops such as flaxseed, mustard seed, rapeseed, safflower, and sunflower).

Exclude soybeans and canola.

Sugarcane or Sugarbeets

Record the acreage of sugarcane or sugarbeets harvested during the reference year, regardless of the year planted.

Exclude acreage harvested for seed.

Vegetable Crops

- 1) **Multiple Cropping** – Record entire acreage of each vegetable crop planted and harvested.

For example: If 20 acres of radishes were harvested from a field and the field was replanted in radishes and harvested again, record 40 acres harvested.
- 2) **Sales from Home Gardens** – Record home garden acres harvested only if there were sales from the home garden. DO NOT record vegetables grown only for home use.
- 3) **Two or More Pickings** – If two or more pickings were made from the same planting, record the acres harvested only once.

Vegetables for Processing

Include all vegetables harvested that were for processing.

All Other Vegetables and Melons

Include all vegetables harvested that were not for processing (i.e. for fresh market) and all melon crops (watermelons, cantaloupes, and other melons).

Fruits, Nuts and Berries

Include all bearing acreage of fruit, nut, and berry crops (including citrus and strawberries).

Exclude non-bearing acres and abandoned acres.

Nursery and Greenhouse Crops

Include flowers, hemp starts, ornamentals, mushrooms, tobacco transplants for sale, harvested sod, Christmas trees, turf grass, hydroponic sprouts, alfalfa sprouts, etc. Record nursery and greenhouse acreage to the nearest tenth of an acre.

Nursery and greenhouse crops (Include hemp starts, Christmas trees.)		0191		0192		0189	\$.00
All other crops not listed above (Include hemp, sweet potatoes.) . . .	0182	2890	Specify crop(s)			0190	\$.00

All Other Crops

This category is for recording information on all harvested crops not previously recorded in this section. It is a catch-all category for other crops grown and harvested on this operation. For each Other Crop reported, first determine if that crop should have been reported in another category above. If so, record it and all required information in the appropriate category. Specify the type of crop or crops in the box provided.

Include sweet potatoes, hemp, brown and wild rice, haylage, and maple syrup.

Exclude straw and stubble from crops, except for the value of sales. Value of sales is in the item code associated with the grain from which the straw was made.

Column 2 – Harvested Acres

Report harvested acreage to the nearest whole acre, except for potatoes, tobacco, and nursery and greenhouse crops. Make sure the respondent is not reporting planted acres by crop when you are asking only for harvested acres. The total of harvested acres in Column 2 will usually be equal to or less than cropland and total acres in the operation. Double cropping can be the exception to this relationship.

Include:

- 1) acreage of crops harvested in the reference year.
- 2) acreage of crops intended for harvest in reference year even if harvest was delayed until the following year due to bad weather, etc.
- 3) acreage for which two uses were made of the same crop. An example is alfalfa acreage harvested for both hay and seed. These acres are recorded twice: as acres of alfalfa in Item Code 157 and as acres of alfalfa seed harvested in All Other Crops, Item Code 182.

Exclude:

- 1) acreage for second or later harvests (for the same use) of any crop from a single planting, such as second or third pickings of cotton and ratoon crops of rice.
- 2) acres of previous year's crops not harvested until the reference year due to weather conditions, etc. (However, cash sales of such crops will be included in column 5.)

Column 3 – Total Production

Record the total production of the harvested commodity. For some respondents, this may require multiplying average yield per acre by the number of acres harvested (column 2) and recording the total. Misrecording yield and not total production is a common error.

Production **MUST** be reported in the unit indicated inside the item code box. If the operator reports production in a unit different from the one indicated, make the quick conversion (cwt = 100 pounds) or be sure to record complete information about that unit, including unit weight. Later, you, or the Regional Field Office, can convert the total production into the standard unit.

If harvest is not complete at the time of the interview, ask the respondent for an estimate of final production from all acres harvested and remaining to be harvested. The crop left on the field is yet to be sold (since it is still on the farm), so the asset value of that crop (estimated production multiplied by price) needs to be recorded in Section I, Item 3a. Record the expenses spent for both the harvested and un-harvested crop during the year in Section H (Operating and Capital Expenditures). Be sure to record notes for unusual items.

Include the landlord's portion in the total production.

**** Dry Edible Beans, Vegetables for Processing, All Other Vegetables and Melons, Fruits, Nuts, and Berries, and "All Other Crops"** do not have an applicable response for columns 3 or 4. Only acres harvested (column 2) and cash sales (column 5) are reported for these commodities. Report each area only once in column 2 regardless of how many crops were harvested from the same area.

****** Column 3 and column 4 are unique for **nursery and greenhouse crops**. Report the Square Feet under Glass or Other protection for nursery and greenhouse crops under column 3. Report the Acres in the Open for nursery and greenhouse crops under column 4.

Column 4 – Amount of Production Used on This Operation

This column is used to record crops produced on the operation that are used as production inputs and not sold or removed from the operation. Do not record the quantity of the crop sold. Record the quantity of the share of production belonging to the operation that has been (or will be) used on the operation for feed, seed, etc.

Include:

- The landlord share that was used on the operation.

Exclude:

- any production that was (or will be) used for human consumption (record the market value of this production in Section H, Item 31).
- the landlord's share of production if it was used outside the operation.
- any crop production that was fed to non-owned livestock as part of a production contract with the livestock owner.

Column 5 – Cash or Open Market Sales minus Marketing Expenses

After subtracting marketing expenses, record the amount received in 2024 from cash sales for crops. Marketing expenses include check-off, drying, commission, ginning, inspection, storage, and transportation, etc. (Please see Section H for a full explanation of marketing expenses).

Include:

- If the crop was grown in the reference year, record columns 2 through 4, and record current crop cash sales plus all crop sales received in the reference year from crops harvested in previous years. If the crop was not grown in the reference year, columns 2 through 4 should be blank and dollars recorded in column 5.
- CSA sales are considered a cash sale and not a contract.
- The value of straw produced on this operation and sold. Report the straw (crop residue) sales in the appropriate type of grain from which it was made. For example, if wheat straw was sold, include the sales with the wheat for grain value of sales.
- Value of the cottonseed.

Exclude:

- Marketing Contract sales recorded in Section E, Item 2.
- Fees from Production Contracts recorded in Section E, Item 2.
- Value of landlord share of production, which is recorded in Section A, Item 9a
- Sales from other farm related activities, such as trading and speculation or livestock dealer activities (recorded in Section G).
- Value of sales from land rented to others or worked on shares by others.
- Amount received in the reference year for crops sold in earlier years. This is recorded in Section F, Items 1a and 1a(i) (Accounts Receivable).

Nursery and Greenhouse Crops

The category “nursery and greenhouse crops” includes “commodities grown for human consumption” but does not provide enough information to estimate definitively the value of sales for these crops. There is an upward trend in the numbers for produce farmers who are using greenhouses and other new forms of protection to substitute for or to complement their open field practices. Hoop Houses, also known as “high tunnels”, are used to extend the growing seasons for farmers in colder climates. Responses to these questions will be used to generate estimates of food grown under glass or other forms of protection. This format will reduce respondent error and NASS analysts' efforts to identify misclassifications.

Report the square feet under glass or other protection and the acres in the open. Report the cash sales in the column on the far right. Refer to instructions for column 5 above for how to

calculate cash sales.

Please record both live Christmas trees and cut Christmas trees here.

All Other Crops Not Listed Above

Report the number of acres harvested in the first column. Please specify the type of crops harvested in the box provided. Report the cash sales in the column on the far right. Refer to the column 5 instructions above for what to include and exclude in cash sales.

Fruits, nuts, and berries (<i>Include citrus.</i>)	0180		SQUARE FEET UNDER glass or other protection	ACRES in the OPEN	Tenths	0188	\$.00
Nursery and greenhouse crops (<i>Include hemp starts, Christmas trees.</i>)		0191		0192		0189	\$.00
All other crops not listed above (<i>Include hemp, sweet potatoes.</i>) . .	0182	xxxx	Specify crop(s):			0190	\$.00

5.4 Section C – Livestock

5.4.1 Section Purpose

This section provides a place to record removal, inventory, ownership, and cash sales data for the operation described in Section A. Livestock removals and sales are used to develop estimates of the value of livestock production. This information allows us to determine the degree to which operations are diversified across varied types of livestock and enables us to assess trends in consolidation of the livestock industry.

Include landlord's share, animals sold on the open market (non-contract), animals removed from this operation under a marketing or production contract in the reference year, and FFA / 4-H livestock projects, in inventory cells.

5.4.2 Number On Hand, Owned by Operation, Sold and/or Removed, and Cash Sales

General Instructions by Column

Column 2—Total Number on Hand

Record all livestock, poultry, and animal specialties on the total acres operated on December 31 regardless of ownership.

Include:

- Livestock and poultry raised, fed, or pastured under a contract or on a custom basis if they were located on the total acres operated on December 31.
- Livestock on land used rent free or on public, private, or industrial property under a grazing permit, per head, or AUM basis.
- Livestock on this operation that were owned by members of the family, i.e. 4-H and FFA project cattle and calves raised on this operation that were owned by a son or daughter.
- Beefalo

There are certain circumstances under which livestock or poultry should be recorded as inventory on the operation on December 31, even though they are not on the acres recorded in Section A. Examples include livestock or poultry:

- Being moved from one place to another.
- On unfenced land.
- On short-term pasture, such as wheat or crop residue.
- Grazing in National forests, grazing districts, open range, or on land under permit.

Exclude livestock owned that were being custom fed, for this operation, in feedlots operated by others, on December 31. Those livestock will be recorded in Section D.

Column 3—Total Number owned by the Operation

Record the number of livestock on the operation on December 31 (Column 3) that are also owned by the operation. Column 3 should be equal to or less than Column 2.

Column 4—Total Number Sold or Removed in reference year

Record all livestock, poultry, poultry products (ex: eggs), dairy products (ex: milk) and animal specialties that were **sold on the open market, delivered under a marketing contract or removed under a production contract** from the operation between January 1 and December 31 during the reference year regardless of who owned them. "Removed" or "moved" is intended for livestock under a production contract that were never owned by the operation.

Include any livestock products, livestock, or poultry that belonged to landlords, contractors, or any other person. Follow descriptions carefully. Animal products like cheese, honey, semen, etc. are recorded in Item 2k.

Exclude animal deaths. Deaths do not add a value of production, and they are not counted.

Exclude animals that were moved from this operation:

- For short term grazing on corn or small grain stubble and then returned to this operation.
- For the summer to public grazing land and then returned to this operation.
- For the summer to private or grazing association land and then returned to this operation.

Column 5 – Cash Sales

After subtracting marketing expenses, record the amount received in the reference year from cash sales of cattle, hogs, poultry, eggs, milk, other animals, and animal products sold from this operation. Marketing expenses include check-off, drying, commission, inspection, storage, transportation, and yardage, etc. (Please see Section H for a full explanation of marketing expenses).

Include:

- Livestock sales revenue received during the year from livestock produced during the reference year and earlier years.
- CSA sales are considered a cash sale and not a contract.
- Cash sales of 4-H/FFA livestock should be recorded **ONLY IF** the animals are raised using assets (buildings, machinery, equipment, and/or real estate) owned by the farm operation.

Exclude:

- Marketing Contract sales recorded in Section E. (Would be double counting).
- Production Contract movements recorded in Section E. (Would be double counting).
- Landlord share of production, which is recorded in Section A, Item 9b.
- Sales from other farm related activities, such as trading and speculation or

- livestock dealer activities.
- Value of sales from land rented to others or worked on shares by others.
 - Amount received in the reference year for livestock sold in prior years. This is recorded in Section F Items 1a and 1a(i) (Accounts Receivable).

Instructions by Commodity

While the questionnaire refers to any year's production, in most cases, livestock sales will only be from the current year. Sales of previous year's production will be recorded in accounts receivable.

Item 2a – Beef Cows

Report the number of beef cows that were on this operation (regardless of ownership) on December 31 in column 2. Include beef heifers that calved by December 31. Of the (column 2) beef cows, report the number owned by this operation on December 31 in column 3. Exclude beef heifers that had not calved by December 31, and report them along with steers, calves, and bulls in Item 2c.

Report the number of beef cows that were **sold on the open market, delivered under a marketing contract or removed under a production contract** from the operation between January 1 and December 31 (regardless of ownership) in column 4. Beef cull cows removed are recorded in 2c.

Report the amount received in cash sales of breeding cows from any year's production in column 5. Exclude marketing contract sales. Beef cull cow sales are reported in 2c.

Item 2b – Milk Cows

Report the number of milk cows that were on this operation (regardless of ownership) on December 31 in column 2. **Include** dry milk cows and dairy heifers that had calved by December 31. Of the (column 2) milk cows, report the number owned by this operation on December 31 in column 3. **Exclude** dairy that had not calved by December 31, and report them along with steers, calves, and bulls in Item 2c.

Report the number of milk cows that were sold for breeding purposes on the open market, delivered under a marketing contract or removed under a production contract from the operation from January 1 through December 31 (regardless of ownership) in column 4. Dairy cull cows removed are recorded in 2c.

Record the amount received in cash sales of breeding milk cows from any year's production in column 5. **Exclude** marketing contract sales. Milk cull cow sales are reported in Item 2c.

Item 2c – Other Cattle

Report the number of steers, calves, bulls and heifers that were on this operation (regardless of ownership) on December 31 in column 2. Of the (column 2) livestock, report the number owned by this operation on December 31 in column 3. **Include** number of cattle and calves of all ages that were grazing or being fed for others on a custom or

contract basis on December 31 on this operation. Report the number of steers, calves, bulls and heifers that were **sold on the open market, delivered under a marketing contract or removed under a production contract** from the operation between January 1 and December 31 (regardless of ownership) in column 4. Report the total cash sales received in column 5. **Include** cull cows from items above; these will have a lower average value than the breeding stock.

Item 2d – Total Cattle & Calves

Report the total number of cattle and calves of all ages located on this operation December 31 in column 2, total number owned by this operation on December 31 in column 3, total number sold or removed from this operation in column 4, and total cash sales received in the reference year in column 5. Items 2a, 2b, and 2c should add to the numbers reported in Item 2d for all columns.

Item 2d(i) – Cash Sales of Breeding Livestock

Report the portion of total cash sales received in the reference year of breeding cattle sold from this operation (equal to or less than 2d) in column 5.

Exclude all cattle grown under a production contract (reported in Section E).

Item 2d(ii) – Recognized Gain or Loss on Sales of Breeding Cattle

Record the recognized gain or loss on breeding cattle cash sales from Item 2d(i) above.

For raised livestock, the gain will generally be the amount of cash sales proceeds reported above since the costs of raising the livestock have already been deducted as a business expense.

For purchased livestock, the gain or loss is equal to the cash sales proceeds minus any remaining purchase costs that have not already been recovered through depreciation.

Item 2e – Milk Sold or Moved

Record the total amount (in hundredweight – CWT) of milk sold on the open market or removed under contract from the operation in the reference year regardless of ownership in column 4.

Report the total value of cash sales received during the year from milk produced and sold from this operation in column 5. Record gross cash sales before any deductions listed on the milk check (i.e. hauling fees). **Exclude** milk used to make cheese and any other processed dairy products on the farm. **Exclude** milk that was dumped (e.g. not sold for cash or removed under contract). If any government payments or insurance indemnities were received for dumped milk, please record them in the relevant sections. For example, if an insurance indemnity payment was received for dumped milk, please record the payment in Section G item 3e and item 3e(i) as appropriate.

Item 2e(i) – Certified Organic Milk Sold or Moved

Of the amounts in Item 2e above, record the amount that was certified organic milk.

Item 2f—All hogs and pigs

Report the number of hogs and pigs that were on this operation (regardless of ownership) on December 31 in column 2. Of the (column 2) hogs and pigs, report the number owned by this operation on December 31 in column 3. Report the number of hogs and pigs that were **sold on the open market, delivered under a marketing contract or removed under a production contract** from the operation from January 1 through December 31 (regardless of ownership) in column 4. Report the total cash sales received in the reference year in column 5. **Exclude cash** sales from marketing contracts or the value of hogs produced under production contracts.

Item 2f(i)– Cash Sales of Hog Breeding Stock

Report the total cash sales received in the reference year of breeding hogs sold or moved from this operation during the year.

Exclude all hogs grown under a production contract (reported in Section E), and cull hog sales.

Item 2f(ii) – Recognized Gain or Loss on Cash Sales of Breeding Hogs

Record the recognized gain or loss on breeding hog cash sales from Item 2f(i) above.

For raised livestock, the gain will generally be the amount of cash sales proceeds reported above since the costs of raising the livestock have already been deducted as a business expense.

For purchased livestock, the gain or loss is equal to the cash sales proceeds minus any remaining purchase costs that have not already been recovered through depreciation.

Item 2g – Egg Layers and Pullets

Egg layers are female chickens that can produce a marketable egg suitable for table or hatching use. Female chickens that are too young to produce a marketable egg are pullets (less than 18 weeks). Report the number of egg layers and pullets that were **sold on the open market, delivered under a marketing contract or removed under a production contract** from the operation from January 1 through December 31 (regardless of ownership) in column 4. **Include** the number of egg layers in molt.

Report the number of egg layers and pullets that were on this operation (regardless of ownership) on December 31 in column 2. Of the (column 2) egg layers and pullets, report the number owned by this operation on December 31 in column 3. **Include** layers used to produce eggs for Item 31 (Section H) home consumption, and “yard chickens.” **Exclude** layers from exotic breeds and game birds.

After subtracting marketing expenses, record the amount received in the reference year from cash sales of egg layers and pullets from this operation in column 5. **Exclude** sales from marketing contracts or the value of egg layers produced under production contracts.

Item 2g(i) – Chicken Eggs

Record the total number (in dozens) of all chicken eggs (including hatching eggs), sold on the open market or removed under contract in the reference year, regardless of ownership in column 4.

Report the total cash sales received in the reference year of eggs sold from this operation during the year in column 5. Do not report the value of eggs produced under marketing and production contracts.

Item 2h – Turkeys

Report the number of turkeys that were on this operation (regardless of ownership) on December 31 in column 2. Of the (column 2) turkeys, report the number owned by this operation on December 31 in column 3.

Report the number of turkeys (all types) that were **sold on the open market, delivered under a marketing contract or removed under a production contract** from the operation from January 1 through December 31 (regardless of ownership) in column 4.

After subtracting marketing expenses, record the amount received in the reference year from cash sales of turkeys from this operation in column 5. **Exclude** sales from marketing contracts or the value of turkeys produced under production contracts.

Item 2i – Broilers

Report the number of broilers that were on this operation (regardless of ownership) on December 31 in column 2. Of the (column 2) broilers, report the number owned by this operation on December 31 in column 3.

Report the number of broilers that were **sold on the open market, delivered under a marketing contract or removed under a production contract** from the operation from January 1 through December 31 (regardless of ownership) in column 4.

After subtracting marketing expenses, record the amount received in the reference year from cash sales of broilers from this operation in column 5. **Exclude** sales from marketing contracts or the value of broilers produced under production contracts.

Item 2j – Other Poultry

Report the number of all other poultry that were on this operation (regardless of ownership) on December 31 in column 2. Of the (column 2) other poultry, report the number owned by this operation on December 31 in column 3.

Record the total number of head of other poultry, and/or their products not accounted for

in Items 2g, 2h, and 2i that were sold on the open market, delivered under a marketing contract or removed under a production contract from the operation from January 1 through December 31 (regardless of ownership) in column 4. Be sure to note the type of livestock reported in this item. **Include** broiler and other chicks on hatchery records. Also, ducks, geese, exotic birds, and other poultry not previously reported. Birds such as pheasants or chukars used for conservation, restoration, or hunting, such as on a game farm, should be reported only by the operation which raised the birds.

After subtracting marketing expenses, record the amount received in the reference year from cash sales of all other poultry from this operation in column 5. Only the market value of the birds raised are included in the cash sales. Hunting fees received that are attributed for guide services, lodging, or transportation are reported in Section G, Item 3i. **Exclude** sales from marketing contracts or the value of poultry produced under production contracts.

Item 2k – Other animals and other animal products

Report the number of all other animals that were on this operation (regardless of ownership) on December 31 in column 2. Of the (column 2) other animals, report the number owned by this operation on December 31 in column 3.

Report the number of other animals that were **sold on the open market, delivered under a marketing contract or removed under a production contract** from the operation from January 1 through December 31 (regardless of ownership) in column 4.

After subtracting marketing expenses, record the amount received in the reference year from cash sales only of other livestock from this operation in column 5.

Include the sales of all other livestock, animal specialties, and their products not reported in previous items. Other livestock include, but are not limited to: alpacas, llamas, bees and honey, bison, commercial aquaculture, deer in captivity, elk in captivity, goats (including goat milk and mohair), live mink, live rabbits, lab animals, mules, pleasure horses, ponies, worms, sheep (including wool) etc. **Include** breeding stock. **Write a note** indicating what other livestock the operation is reporting.

Exclude contract sales or removals and landlord's share of sales.

Item 2k(i) –Cash Sales of Other Animals (Breeding Stock)

Record the cash sales on other animals classified as breeding stock from Item 2k above.

Item 2k(ii) – Recognized Gain or Loss on Cash Sales of Other Animals (Breeding Stock)

Record the recognized gain or loss on other animals classified as breeding stock from Item 2k(i) above.

For raised livestock, the gain will generally be the amount of cash sales proceeds reported above since the costs of raising the livestock have already been deducted as a business expense.

For purchased livestock, the gain or loss is equal to the cash sales proceeds minus any remaining purchase costs that have not already been recovered through depreciation.

5.5 Section D – Other Operations Growing/Feeding/Raising Livestock for this Operation

If this operation paid another operation a fee for the service of growing, feeding, or raising a livestock commodity (owned by the selected operation), then answer this question 'YES' (the operation is acting as a contractor).

The commodity remains an asset of the selected operation. (It is neither sold to the contractee operation, nor is ownership transferred to that operation.) Summary formulas add these items to expenses or assets when appropriate.

Keep in mind that any livestock, sales, or expenditure data recorded in this section are not recorded anywhere else on the questionnaire. This is referred to as the “in the fence” rule.

Examples of these types of contracts include:

- A cow/calf producer who has calves fed out through a feedlot.
- A dairy producer who pays another operation to raise the dairy producer's replacement heifers. (See special handling instructions for this type in Column 6 instructions below.)
- A hog farrowing operation that contracts with another operation to raise feeder pigs up to slaughter weight.

Example:

Respondent has a Production Contract with a Feedlot and a Marketing Contract with a Meatpacker

In this case the respondent is the owner of the cattle and has a production contract with a feedlot (the respondent is the contractor). This contract should be reported in Section D. This includes all expenses paid or reimbursed by the respondent (contractor) to the feedlot. These expenses should **only** be recorded in Section D. They should not be recorded in Section H [**Section H is used to record expenses incurred on the respondent's operation**].

If the finished cattle are removed for slaughter from the feedlot, the receipts from the sale of the cattle should be recorded in Section D, regardless of whether the sale is made by the respondent or by the feedlot acting on the operator's behalf. If the cattle are returned to the operation prior to sale, then the receipts from the sale should be recorded as a cash sale in Section C or as a marketing contract sale in Section E.

If the feedlot was also a respondent, the feedlot would report a production contract in Section E. Any other expenses associated with the production contract and not paid by the cattle owner (contractor) would be reported in Section H.

Column 1 – Commodity Contracted Out

Record the type of commodity that was placed on another operation to be fed or raised. **Include** commodities that were placed on contractee operations prior to January 1 and were still under contract on January 1 of the reference year.

Column 2 – Livestock Code

Record the livestock code from the Respondent Booklet that relates to the commodity identified in Column 1.

Column 3 – Market Value of Commodities under Contract on January 1

Record the estimated market value of all of this operation's commodities under contract as of January 1.

Make sure this value is not recorded in Farm Assets: Section I.

Column 4 – Estimated Market Value of Commodities Placed

Using the market price at the time the commodity was placed, record the estimated value of the contracted commodities this operation placed on contractee operations during the reference year. If more than one arrangement existed, or if arrangements existed for more than one commodity, record each one on a separate line.

Column 5 – Production Expenses and Fees Paid to Contractees

Record the total amount this operation paid to contractees for labor fees, management fees, and reimbursements for expenses.

Make sure this value is not recorded in Expenses: Section H. Section H is used to record expenses incurred on the respondent's operation.

Column 6 – Gross Receipts from Contracts

Record the gross income to this operation from sales of commodities produced under this contract by other operations (quantity times market price) during the reference year.

This item will be zero for all replacement animals (such as dairy replacement heifers) that are removed back to the respondent's (contractor's) operation.

Make sure this value is not recorded anywhere else in Sections C (Livestock) or E (Marketing Contracts).

Column 7 – Market Value of Items Under Contract on December 31

Record the estimated market value of commodities still under contract as of December 31.

Make sure this value is not recorded in Farm Assets: Section I.

5.6 Section E – Marketing & Production Contracts

5.6.1 Overview

Importance of Obtaining Information on Marketing and Production Contracts

The contracting information collected on this survey is USDA's only source of data to separate production, income, and expenses among operators, contractors, landlords and others. To show an accurate picture of both the value of the farm sector's output and the financial condition of farming operations, we must fully account for other businesses that provide inputs used on the farm to produce agricultural commodities and who receive income from the sales of these products. For these reasons, collecting complete and accurate information on contracting is critical.

Previous ARMS surveys show widespread use of production and marketing contracts. As contractees, producers use contracts to reduce price risks, to obtain assurance of a marketing outlet, and to reduce input financing requirements. As contractors, processor-buyers often use contracts to obtain consistent supplies of commodities with specific desired qualities.

If the operator has multiple operations, only account for the income that belongs to the operation identified on the label. For operators with multiple operations, keep in mind the acres and livestock reported in the previous sections because they define the selected operation, and answers should relate directly to that operation. Income from the other operations is accounted for in Section M.

Terms – Contractor versus Contractee

The respondent is a CONTRACTOR when another operation produces crops, livestock, or poultry under agreement for the respondent. If the respondent is a **contractor**, you should record that information in Section D.

The respondent is a CONTRACTEE when he/she produces and/or markets the commodity under a contractual agreement with another farm operation or entity such as a packer or processor. That information is recorded in Section E, as Marketing Contracts and/or Production Contracts.

An operation may act as the CONTRACTEE or CONTRACTOR or both.

For hog and cattle operations, pay close attention to pricing terms and animal ownership (owned and non-owned animals in Section C) under contracts because both marketing and production contracts are common. Non-owned animals are a strong clue for the presence of a production contract.

Details of Marketing and Production Contracts

Contracts are formal agreements (written or verbal) that are reached prior to the harvest of a crop, or prior to the completion of a normal production cycle for livestock or poultry. Verbal agreements are contracts if they contain a commitment to provide inputs or commodities such that failure to meet the commitment will incur penalties.

For purposes of this survey, we only want to count contracts as those agreements reached before crop harvest or before completion of a livestock production phase. All sales made from inventory should be considered cash sales and reported in their respective commodity section (Sections B & C, column 5). A marketing contract that has not been delivered should not be recorded as a marketing contract since technically, the operator still has the control of the commodity. When this occurs, the commodity is an asset to the farm and should be recorded in Farm Assets: Section I, Item 3.

The ARMS recognizes two kinds of agricultural contracts:

- 1) **Marketing** contracts identify an outlet for a commodity and set pricing and delivery specifications. In a marketing contract, the operator (contractee) assumes most of the financial risk. Although marketing contracts are more common for crops, they are also used to market livestock and/or livestock products. Marketing contracts account for a growing share of fed cattle shipments from feedlots to meatpackers. Record custom-fed cattle, owned by someone other than the respondent, under production contracts.
- 2) **Production** contracts cover an entire production cycle for a commodity. They specify responsibilities for the provision of inputs and the payment of expenses by different parties to the contract, and they also specify rules for compensation, production practices, and commodity removal from the operation. In a production contract, the contractor assumes most of the financial risk. Production contracts are widely used in hog and poultry production and are common in the production of crop seeds and vegetables for processing, but may also appear in other commodities.

Contracts can take on many different forms. The accompanying table provides an overview of contract features, and lists how we want to distinguish between marketing contracts and production contracts for the purposes of this survey.

Marketing Contracts	Production Contracts
Contractor:	Contractor (<i>Integrator</i>):
<ul style="list-style-type: none"> • Arranges, prior to <i>completion</i> of a production cycle, to acquire a specified commodity at the end of the cycle. • Commits to take a quantity and agrees on a price, a pricing arrangement, or an agreement to sell on behalf of the contractee. • Does not take ownership of the commodity until it is delivered. • Makes few or no production decisions but may require specific inputs (variety of seed, etc.) to be used. 	<ul style="list-style-type: none"> • Arranges, prior to <i>beginning</i> a production cycle, to have a specified commodity produced. • Commits to a fee or fee arrangement to be paid to the contractee. • Usually owns the commodity during production • Makes many production decisions, and provides some inputs (such as feed)
Contractee (<i>Operator</i>):	Contractee (<i>Operator</i>):
<ul style="list-style-type: none"> • Obtains a buyer and a marketing arrangement for commodities before completion of a production cycle. • Supplies and finances all or most of the inputs used in production. • Owns the commodity while it is being produced. • Makes all or most production decisions. • Often bears all production risks, and contract frequently limits some price risks. • Receives the major share of the value of production. 	<ul style="list-style-type: none"> • Provides labor and some management services used in production, as well as fixed inputs (land, buildings, etc.), for a fee. • Supplies only some inputs used in production. • Usually does not own the commodity. • Makes only a few production decisions. • Often bears no price risks, and contract may limit production risks or reward efficiency. • Receives a fee that is usually only a small share of value of production.

MARKETING Contracts:

For the purpose of this survey, a marketing contract for a commodity is recorded when the following two events occur:

- A verbal or written agreement to market the commodity is reached **before completion** of a normal production cycle (prior to harvest for crops, prior to removal from the operation for livestock). The agreement will include a price, an arrangement for determining price, or (in the case of marketing pools or some operating cooperatives) a commitment by the contractor to negotiate for a price on the contractee's behalf.
- Delivery of the commodity has taken place so that the operator no longer has control of the commodity. "Delivered" includes commodities for which partial payment was made even if not physically delivered by December 31.

Characteristics of marketing contracts:

- Attribute-related price terms are often expressed as deviations from a base price tied to overall market conditions (incentives) and often set prices accordingly or require

delivery of commodities with certain measurable qualities. Examples include high oil corn, low linoleic soybeans, or organic apples.

- Prices often vary with the attributes of the commodity produced, as in grade and yield contracts for cattle or oil content for high-oil corn contracts that reward the contractee for higher oil content.

Marketing contracts include:

- Forward sales of livestock or a growing crop (or a crop to be grown) – The contract identifies a window, or a specific date, for delivery, and it will set a price or specify how price will be determined.
- Agreements made with processors to deliver commodities with certain measurable qualities.
- Agreements to set prices according to realization of the qualities – Examples include high oil corn, low linoleic soybeans, or organic apples.
- Milk contracts to market milk for the coming year through a co-op with prices determined later through a pricing formula that is applied 30 days after delivery of the milk. (Perishable products are usually priced after delivery.)
- A marketing pool – Farmers may agree to pool their crop and sell along with other producers through a cooperative or other pooling firm. The final price received is determined by the net pool receipts for the quantity sold (by selling a larger amount the pool may get a better price). Farmers may have to wait a year or more to receive final payment and decisions related to selling are made by the pool manager. Pooling is common in rice and cotton marketing.

Marketing contracts are typical on farms that:

- grow citrus fruits, other fruits, or nuts
- grow ornamentals or horticultural crops
- produce fresh vegetables
- grow potatoes
- grow sugar beets, sugarcane, peanuts, dry peas, or dry beans
- produce fluid milk
- sell fed cattle directly to slaughter or meatpackers

PRODUCTION Contracts:

Production contracts are used for livestock, poultry and crop production. Under poultry or livestock production contracts, the farm/ranch operator (for example, a feedlot or broiler grower) houses and feeds the poultry or livestock until they reach a specified age or weight. The contractor usually provides many production inputs, and may reimburse the contractee for input expenses incurred while the commodity is on the contractee's operation. For example, in broiler contracts, the contractor normally provides chicks and feed. The contractor may also reimburse the contractee for LP gas used or fresh bedding.

Under crop production contracts the contractor often supplies seeds or plants, fertilizer, chemicals, transportation and technical assistance. Examples include processed green peas, sweet corn, snap beans, seed corn, vegetable seeds, popcorn, and beets.

Characteristics of Production Contracts:

The contractee and contractor reach agreement **before production begins**, and the contract provides considerable detail on specifics such as fees, responsibility for input provision, and product ownership. Contractees may provide labor, farm management services, utilities, housing, and equipment. Contractees usually receive fees for their services that, if the contractor provides key inputs, are considerably less than the full market value of the commodity.

Strong clues to the presence of a production contract (even if not reported) is non-owned livestock that are recorded in Section C, Item 2, and little or no livestock sales dollars reported. The operator may also report livestock or poultry facilities and/or livestock production expenses, with few or no livestock owned. The non-owned animals are almost certainly being produced under contract. Some custom-feeding cattle operations may report contract fees as custom work income—this is another signal of a production contract.

Production contracts are typical on farms that:

- have broiler houses or other poultry and/or egg producing facilities
- have hog nursery or feeding facilities
- provide 'custom-feeding' services for cattle
- produce vegetables for processing
- produce seed crops

Special Topics

Feedlot Operations:

Cattle in feedlots may be owned by the feedlot operator, or they may be custom fed by the feedlot for an owner, under a production contract between the feedlot (the contractee) and the owner (the contractor). Feedlot respondents should record production contracts in Section E for the "custom fed" cattle that they feed under production contracts. Contractee fees should include only overhead (farm management services, utilities, housing, and equipment), labor, and margin on pass through input items. Fed cattle are also often sold to meatpackers under marketing contracts. Here are the specifics for recording transactions:

- Respondents who own cattle that are custom fed at a feedlot, returned to the respondent, then sold to a packer through a marketing contract should record the Marketing Contract in Section E, and should record the Production Contract with a feedlot in Section D (in their capacity as a contractor).
- Respondents who own cattle that are custom fed at a feedlot, then sold to a packer directly from the feedlot through a marketing contract should record the sale in Section D, Column 6. They should also record the rest of the production contract with a feedlot in Section D (in their capacity as a contractor).
- Feedlot respondents should only record marketing contract sales in Section E for those cattle that the feedlot owns, not for custom fed cattle owned by another entity.

One should be skeptical of a respondent that has non-owned cattle on the operation and wants to record a large value for custom work performed. This usually indicates that a production contract should be completed. Do not confront the operator but collect information as instructed by the office and take good notes.

- If a feedlot grows any crop that was fed to non-owned livestock as part of a production contract with the livestock owner, do not record the production as used on the operation in Section B.

Livestock on Shares:

The production of livestock, primarily cattle, "on shares" is common in Montana, North and South Dakota, Nebraska, and other states. For example, an individual who owns beef cows places them on someone else's land. The land operator cares for the cows and calf crop. The cattle owner and land operator share the calf crop in a 50-50, 60-40, 70-30, or other agreed to arrangement. Instructions and a detailed example are provided beginning on page 81 – 'Specialty Operations: Examples of Livestock on Shares'.

Contractee is Part of another Business:

An operation such as an egg hatchery may be owned by the business it contracts with. In this case, unit fees/prices and total receipts will not be available since no market transaction takes place. In most cases the operation will have recorded a "book value" for the commodity it produced. Use the book value if available, to record unit price/fee and total receipts for Section E.

Reimbursement for Expenses in Production Contracts:

Contractees in production contracts sometimes purchase some variable inputs, and reimbursement for their expenses is added to the amount paid for contractee services. Settlement sheets or other contract documents usually break out reimbursed expenses.

Futures Contracts Obtained for the Purpose of Hedging:

Such contracts should not be reported as marketing contracts. Hedging occurs when the farmer takes opposite positions in the futures and cash markets. It allows farm operators to fix now the price of products they intend to sell later. For example, farmers who are growing a commodity for sale are said to be "long" in the cash market. The appropriate hedge is to sell futures. Then, when the farmer sells his commodity, he buys back his futures contract, preserving a price.

This type of transaction should be recorded in two places. The actual sale of the commodity should be recorded in Section B, under the appropriate sales commodity in Column 5. The net profit or loss from hedging should be recorded in Section G, Item 3i as "all other farm related sources of income".

Dairy Futures Contracts:

It is easy to confuse milk marketing contracts with a futures contract as described above. An indication of futures hedges is when more than two marketing contracts are recorded for milk production. (A producer almost never sells to more than two milk buyers.) Futures contracts are NOT marketing contracts. They should be recorded like the crop hedges mentioned above. The sale of the commodity (milk) should be recorded as a marketing contract in Section E or a cash sale in Section C. Any profit or loss from these futures contracts are recorded in Section G, Item 3i as "all other farm related sources of income".

Grain Delivered With High Moisture:

In some seasons a number of operators may deliver grains that exceed the moisture standard for that commodity. The amount operations are paid are affected by two different methods: Shrink and Dock (an additional fee for drying). They are handled differently when it comes to prices/amount received as well as marketing charges.

Shrink:

Some elevators apply a percentage reduction to gross weight delivered. This is essentially adjusting the load of the commodity down to what it would weigh at standard moisture. For example, Joe Farmer brought in a semi-load of corn with a weight of 33,000 pounds, at 17 percent moisture. The elevator would "shrink" the weight and Joe Farmer would be paid on 32,340 pounds of corn at 15 percent moisture. Shrink is NOT a marketing charge. For marketing contracts, record the shrunk bushels (standard moisture) as delivered and the price per delivered bushel. This should be consistent with other NASS surveys.

Dock (additional fee for drying):

If an elevator charges a fee per bushel for drying, it is a marketing charge and is known as a "dock". Record the total amount docked (or paid for the extra drying) as a marketing charge and make sure that price per bushel and total amount received exclude the marketing charges as instructed on the questionnaire.

Inferior Quality Grain Delivered:

If the operator gets a reduction in pay for inferior quality grain being delivered, it is NOT a marketing charge. Inferior grain contains things like mold, weevils, foreign matter, etc. The grain can still be marketed despite being inferior quality unlike if the grain had too high of moisture content. Record bushels delivered and the delivered price.

5.6.2 Section E – Marketing and Production Contracts

Item 1 – Presence of Marketing or Production Contracts

If the operator had any marketing or production contracts (as defined above), check “Yes” and continue.

Exclude sales through community-supported agriculture (CSA) arrangements, because contract sales are for one specific crop guaranteeing a price or pricing mechanism at the time of delivery. CSA sales are considered a cash sale of multiple products.

Item 2 – MARKETING and PRODUCTION Contracts

Include contracts made in prior years but delivered in the reference year, as well as contracts made and delivery occurring in the reference year. Make sure the contract meets the definition of a contract above. “Delivery” includes commodities for which partial payment was made even if not physically delivered by December 31.

Exclude arrangements where a price formula or price was set prior to the completion of a normal production cycle but delivery has NOT occurred.

Column 1 – Commodity

Show the respondent the list of Crop and/or Livestock Codes in the Respondent Booklet. Record each commodity for which the operation delivered a set quantity marketing contract or production contract in the reference year.

Column 2 – Commodity Code

Record the commodity code that relates to the commodity identified in Column 1.

Column 3 – Marketing or Production Contract Code

Enter 1 for marketing contracts. Enter 2 for production contracts.

Column 4 – Quantity Delivered

Record the total amount of the commodity delivered under the contract. Do not include the landlord's share of production even if it was delivered along with the operation's share.

Column 5 – Unit Code

Record the code that represents the commodity unit (specified in the contract), such as pounds, tons, bushels, head, etc. If a unit other than those indicated on the questionnaire is reported, make good notes. **Be careful with the units** because many analysis' issues later are caused by conflicts between data here and in the previous crop section.

Column 6 – Price/Fee per Unit

Record the final price, net of marketing charges, in dollars and cents (to the nearest cent per unit, that the operation has or will receive for all of the production delivered under

the contract (or will receive for all the production removed under the contract). For commodities that receive payments monthly such as milk, the final price will be an **average** price calculated from the quantity and price received for each month covered by the contract; **final price is not the last month's price received for the year (e.g. December)**. The respondent may have to estimate this price. The fee should not include reimbursed expenses like utilities, feed, etc.

Be sure the unit for the price reported agrees with the unit for the quantity reported.

Cotton is an example for a Marketing Contract. A common mistake is to record cotton sales in bales, but price as a price per pound. Consider an example where a single bale was contracted at 65 cents per pound. If you recorded "1" in Column 4, Code 7 (for bales) in Column 5 and .65 in Column 6, the gross income to the operation would show up as 65 cents. Assuming a standard bale weight of 480 pounds, you came up short by \$311.35 (the price per BALE is $480 \times .65 = \$312$)!

Broilers are an example where the units for fees and quantities often do not agree for a Production Contract. A common mistake is to record broiler removals in number of head, but fees on a per-pound basis. Consider an example where one broiler was contracted at a fee of 4.6 cents per pound. If you recorded "1" in Column 4, Code 11 (for head) in Column 5 and 4 cents in Column 6, the gross income to the operation would show up as 4 cents. Assuming a standard broiler weight of 5 pounds, you came up short by 16 cents (the fee per head is $5 \times .04 = \$0.20$)!

Any bonus received should be included in the Total Fee received column (7). The bonus should then be divided out per unit and included in the price per unit. For example, if a \$1,000 bonus was paid to the operator and 100,000 broilers were removed, then an extra \$1,000 should be included in the total fee received and an additional \$0.01 per unit should be added to the final fee received per unit.

Column 7 – Total Amount Received (Marketing) or Total Fees Received (Production)

Since total payments are not always received in the calendar year of production, you always have to ask this question in order to complete this column correctly. Record the total amount the operation **received during the calendar year** for sales under the marketing contract or for removals under the production contract excluding marketing charges.

For some commodities, this is always less than the quantity delivered times the per unit price, because price is not known until the commodity is fully marketed by the agent the following year. Sometimes the producer is not paid at all until after the first of the next year. If the operation did not receive any payment under the contract in the reference year, enter a dash and make a note.

Column 7 divided by Column 4 will equal Column 6 **ONLY** when the operation was paid in full during the reference year for the commodity delivered under the contract. Use caution if you calculate final price by dividing Column 7 by Column 4. Make sure the operation received full payment during the calendar year for the contact.

Be sure any marketing charges related to sales under the contract are subtracted out and recorded in Section H, Item 34. If the operation did not receive all of the payments owed to them under the contract in the reference year (Column 7 is less than Column

4 times Column 6), the remaining amount owed must be accounted for as an asset in accounts receivable in Section F, Item 1b.

The following two tables can be used as a guide to help record Marketing Contracts, Cash Sales, Assets, Accounts Receivable, and Deferred Payments. This table is courtesy of the Northern Plains Regional Field Office.

2024 Crop:

Situation	Record As:
In Storage	
At End of 2023	ASSET (December 31, 2023)
Sold 2023 Stored Crop on Open Market during 2024	CASH SALES
Sold for Cash	
Delivered in 2024 & NO Pmt Rcvd in 2024	Acct Rec / Def Pmts (January 1, 2024)
Set Up as Marketing Contract	
Delivered in 2023 & NO Pmt Rcvd in 2023	Acct Rec / Def Pmts (January 1, 2024)
For Delivery in 2024 and Pmt in 2024	ASSET (January 1, 2024) AND In Marketing Contract Table

2024 Crop:

Situation	Record As:
Sold for Cash	
Delivered in 2024 & Pmt Rcvd in 2024	CASH SALES
Delivered in 2024 but NO Pmt Rcvd in 2024	Acct Rec / Def Pmts (Dec. 31, 2025)
Set Up as Marketing Contract	
Delivered in 2024 & Pmt Rcvd in 2024	Marketing Contract Table
Delivered in 2024 but NO Pmt Rcvd in 2024	Column 7 Blank in Marketing Contract Table AND Acct/Rec / Def Pmts Positive (December 31, 2024)
NOT Delivered in 2024 but Pmt Rcvd in 2024	Marketing Contract Table
NOT Delivered in 2024 & NO Pmt Rcvd in 2024	ASSET (December 31, 2024)
For Delivery in 2024 & Pmt in 2025	ASSET (December 31, 2024)
In Storage	
At End of 2024	ASSET (December 31, 2024)

Specialty Operations: Examples of Livestock on Shares

The parties involved with livestock on shares usually do not consider these arrangements to be contracts. The following approach simplifies collecting, editing, coding, and validating livestock on share arrangements, while maintaining the integrity of the cost and returns data.

The following is an example of a 'common' livestock on shares arrangement. After the scenario are examples of how the data should be coded, from both the cattle owner and the land operator perspective.

LIVESTOCK ON SHARES EXAMPLE:

A cattle owner has a deal with a land operator to raise calves on shares. The cattle owner supplies 100 head of cows. The land operator takes care of the cows and provides all necessary inputs. They agree the land operator will receive 70% of the calf crop and the owner of the cattle will receive 30%. For purposes of this example, there are 100 calves produced, therefore, the landowner's share is 70 calves and the cattle owner's share is 30 calves. The land operator decides to keep 5 of his calves and sells the rest for \$500 each. The cattle owner sells all of his calves and averages \$500 / head.

Coding for the LAND OPERATOR:

If the land operator was sampled (*the most common situation*), the information would be recorded as follows:

Section C – Livestock

Record the 5 head of calves he kept in Item 2c, column 2 as well as column 3 (since they are owned by the operation). Record the 65 calves that were sold by the landowner in Column 4. If the original cows were still on his place at the end of the year, record 100 head in Item 2a, column 2 but not column 3.

Account for the cash sale of the calves in Item 5d(i) as \$32,500 (65 head * \$500 / head).

Section H – Operating & Capital Expenditures

Account for the expenses paid by the land operator for caring for all the cows and raising all the calves.

Section I – Farm Assets

Account for the value of the 5 calves the land operator kept in Item 2c. Do not account for the value of the cows because he does not own them.

Coding for the CATTLE OWNER:

If the cattle owner was sampled, the information would be recorded as follows:

Section C – Livestock

None of the 'livestock on shares' should be included in this section unless the cows are back on this operation on December 31. The cows will be accounted for on the land

operator's questionnaire.

Account for the cash sale of the calves in Item 5d(i) as \$15,000 (30 head * \$500 / head).

Section H – Operating & Capital Expenditures

The cattle owner did not have any expenses for the cattle on shares in this example. Any expenses the operator had would be recorded if they occurred. For example, if special bulls were used for breeding, any breeding or semen expenses would be recorded.

Section I – Farm Assets

Account for the asset value of the original 100 cows in Item 3b.

5.7 Section F – Accounts Receivable & Deferred Payments

Item 1 – Accounts Receivable & Deferred Payments

Item 1 accounts for deferred payments, recording money received in the reference year for sales that occurred in earlier years, and tracks the accounts receivable – balances owed to the operation at the beginning and end of the reference year. Farm operations frequently do not receive cash payment for services provided or commodities sold in the same calendar year in which the sale occurred. Such deferrals are often requested by operators to smooth out cash income as an income tax management strategy. Sometimes deferrals are necessary because price is not final until the next calendar year. In order to determine the income that was actually earned in a given year (accrual income), adjustments must be made for the timing of the receipt of payments.

Three pieces of information are needed to accurately compute net farm income, net cash income, the income statement and balance sheet of the farm operation:

- 1) the amount the operation was owed at the beginning of the year for crops or livestock sold and delivered before the beginning of the reference year,
- 2) how much of that amount was received during the year,
- 3) the amount the operation was owed for crops or livestock produced in the reference year for which full payment was not received in the reference year

Exclude: Marketing Charges and storage expenses incurred by the operation. These should be reported in the expenditures section.

Item 1a – Payment Owed at Beginning of Year (BOY)

Record the amount owed to this operation at the beginning of the reference year for commodities sold and delivered/removed on either cash markets or under a marketing/production contract in any year prior to the reference year.

Item 1a(i) – Money Received in the reference year for Prior Production

Record the dollar amount received during the reference year from the amount recorded in Item 1a above. Verify that these deferred receipts are NOT included in Marketing and Production Contracts (Section E), or Cash Sales (Sections B & C) recorded on this year's questionnaire. This amount should be equal to or less than Item 1a.

Item 1b – Payment Owed at End of Year (EOY)

Record the amount owed to this operation at the end of the reference year for commodities sold, and delivered or removed on either cash markets or under a marketing / production contract in the reference year or any prior year.

This amount should include both:

- Any amounts that the operation was owed for crops or livestock sold and delivered in the reference year for which the operation has not received payment. This can be computed for each commodity under marketing and production (Section E) contracts by going back to those items, multiplying column 4 by column 6 and then subtracting

column 7. There is no way to compute this for commodities sold in cash or open market sales.

- Any amount the operation is owed for crops or livestock sold and delivered in previous years where the payment was not received in the current year. This is simply the difference between Items 1a and 1a(i).

5.7.1 Conservation Practices

Record the total number of acres where a conservation management practice from the Items 1a-n was used in 2024.

Note: If a listed conservation practice is not used on this farm, then leave those boxes blank.

CONSERVATION PRACTICES		
1. For each of the conservation management practices listed below, report the total acres on this operation using this practice in 2024.		
Tillage and Cover Crop Practices	Acres where practice was used in 2024	
a. (Cropland) Acres in continuous no-till over the last 5 years	2424	
b. Acres in continuous reduced tillage practices over the last 5 years (including strip-till)	2425	
c. Acres in continuous conventional tillage over the last 5 years	2426	
d. Acres where you used no-till alternating or in rotation with tillage over the last 5 years (for example, till before corn but not soybeans)	2427	
e. Acres that were primarily no-till over the last 5 years but where tillage was used one or more times to manage a specific resource concern, such as compaction or weed pressure	2428	
f. Acres of cover crops harvested for forage (whether grazed or not grazed)	2429	
g. Acres of cover crops grazed but not harvested for forage	3010	
h. Acres of cover crops not grazed or harvested for forage	2430	
Nutrient Management and Other Practices		
i. Acres that received manure	4557	
j. Acres that received inorganic (synthetic, commercial) fertilizer	2431	
k. Acres that received both inorganic (synthetic, commercial) fertilizer and manure	2447	
l. Acres where a nitrogen inhibitor or other product was used to slow the breakdown of nitrogen	2432	
m. Cropland acres drained by tile	4583	
(i) Of these tile drained acres, how many acres include a mechanism for controlled drainage (e.g. control structure, stop logs, risers, or float mechanisms)	2433	
n. Rotational or management-intensive grazing	2434	
2. Did this operation practice alley cropping, silvopasture, or forest farming, or have riparian forest buffers or windbreaks? 2435	1 <input type="checkbox"/> Yes	3 <input type="checkbox"/> No
3. Did this operation use any feed additives such as 3-NOP, seaweed, or nitrates to reduce methane or Green House Gas (GHG) emissions in your flock/herd? 2436	1 <input type="checkbox"/> Yes	3 <input type="checkbox"/> No

5.8 Section G – Government Payments & Other Farm Related Income

A farm operation's gross income before expenses includes payments received from the production and sale of crop and livestock commodities, but it can also include payments received through government agricultural programs as well as payments from activities that are part of the farm business, such as custom work provided to other farmers; recreation and Agritourism activities on the farm; sales of forest products, farm machinery, or farm land; insurance indemnity payments; cooperative patronage dividends; or sales of goods processed on the farm from farm commodities. This section is intended to track these other farm-related income sources earned by the operation.

If the operator has multiple operations, only account for the income that belongs to the operation identified on the questionnaire label. For operators with multiple operations, it may be useful to reference the acres and livestock reported in previous sections for the selected operation.

Item 1: Commodity Credit Corporation (CCC) Loans

The Commodity Credit Corporation (CCC) was created in 1933 to help stabilize and support farm prices and income by providing interim financing at harvest time. The harvested commodity is pledged as collateral for the loan, and the loan can either be repaid within nine months or the pledged commodity can be forfeited. CCC loans are available for a large number of crop commodities, including wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, and peanuts. CCC loans are also available for graded and nongraded wool, mohair, unshorn pelts, and honey. These questions account for the operation's entire CCC loan transactions during the reference year, allowing us to get a complete accounting of the farm's income. If the operation received or repaid any CCC loans, check "Yes" and answer Items 1a and 1b. If the operation did NOT receive or repay any CCC loans, check "No" and skip to Item 2.

Item 1a asks for the amount placed under loan, in dollars. All commodities have an associated 'loan rate' established by law that is below normal market values. The amount spent to repay the loan (minus any interest and storage charges) is recorded in Item 1b. Interest is recorded in Section H, Item 19b; storage and inspection charges are marketing charges recorded in Section H, Item 34.

Item 2: Federal, State, or Local Farm Program Payments

If the respondent received any payments from Federal, State or Local Farm Programs (excluding CCC loan payments), then check "Yes", and ask Item 2a. It is not imperative that the enumerator fully understand the nuances of all program payments since the respondent should know the source of any payments received. Operators should have an IRS Form 1099 showing what Federal programs they received monies from. If he/she did not receive any of these payments, then check "No" and skip to Item 3.

2. In 2024, did this operation receive Federal, State or local farm program payments? INCLUDE government payments received through a cooperative and forgivable 'advances' from the Economic Injury Disaster Assistance program. EXCLUDE CCC loan payments.

0563 1 Yes - Continue 3 No - Go to Item 3

a. In 2024, how much was received in Loan Deficiency Payments (LDPs), and Marketing Loan Gains (MLGs)? (INCLUDE government payments received through a cooperative.) 0529 None

Dollars	
\$.00

b. In 2024, how many acres were enrolled and how much was received from each of the following programs?

	None	Acres		Dollars
(i) Conservation Reserve Program (CRP) 0565	<input type="checkbox"/>		0538	\$.00
(ii) Environmental Quality Incentives Program (EQIP) 0543	<input type="checkbox"/>		0540	\$.00
(iii) Conservation Stewardship Program (CSP) . . . 0567	<input type="checkbox"/>		0566	\$.00
(iv) All other U.S. Federal conservation programs 0544	<input type="checkbox"/>		0541	\$.00

c. In 2024, how much was received from each of the following programs?

	None	Dollars
(i) Price Loss Coverage (PLC) program (INCLUDE government payments received through a cooperative.) 0464	<input type="checkbox"/>	\$.00
(ii) Agricultural Risk Coverage (ARC) program (INCLUDE government payments received through a cooperative.) 1493	<input type="checkbox"/>	\$.00
(iii) Dairy Margin Coverage (DMC) program 2211	<input type="checkbox"/>	\$.00
(iv) Agricultural disaster payments (INCLUDE all disaster assistance programs such as Livestock Forage Disaster Program (LFP), Reimbursement Transportation Cost Payment Program (RTCP). EXCLUDE pandemic assistance, Federal crop, dairy, and livestock insurance and other indemnity payments.) 0537	<input type="checkbox"/>	\$.00
(v) USDA National Organic Certification Cost Share program 0903	<input type="checkbox"/>	\$.00

Item 2a – LDPs & MLGs

Record the total amount received from Loan Deficiency Payments and realized from Marketing Loan Gains. These two programs can be important sources of income for producers when market prices at the local level (i.e. “posted county prices”) are below the commodity’s CCC loan rate.

Loan Deficiency Payments (LDPs)

Loan Deficiency Payments (LDPs) are payments made to producers who are eligible to obtain a marketing assistance loan on a loan commodity from the CCC but agree to forgo obtaining the loan for the commodity in return for Loan Deficiency Payments. Payments are based on the difference between the loan rate and local market prices, referred to as “posted county prices”.

Marketing Loan Gains (MLGs)

Commodity marketing assistance loans, with repayment provisions, are available from the CCC for a number of commodities. A marketing loan gain may be accrued when markets are such that the operator can pay back a commodity loan based on the “posted county price” rather than the loan rate.

Item 2b – Conservation Program Acres and Payments

Record the total number of acres the operation has enrolled in the following conservation programs, and the total amount of payments received.

Item 2b(i) - Conservation Reserve Program (CRP):

The CRP enrolls farms in long term (10-15 year) conservation contracts for cropland, marginal pasture, and rangeland. CRP participants receive annual rental payment on enrolled land in exchange for retiring that acreage from active production and maintaining a conservation cover. The CRP is the Federal government's single largest environmental improvement program. For this item, please **include** acres and amounts for any Conservation Reserve Enhancement Program (CREP) enrolled by the operation. CREP targets high-priority conservation identified by government and non-government organizations.

Item 2b(ii) - Environmental Quality Incentive Program (EQIP):

The Environmental Quality Incentives Program (EQIP) offers financial and technical help to assist eligible operators with installation and maintenance of conservation practices on eligible "working lands" including both agricultural and forest land. Note that operators may participate in the EQIP program on land that they rent. Popular practices include cover crops, forest stand improvement, and prescribed grazing.

Include:

- 1) Acreage of fields/tracts where practices are applied (such as reduced tillage, terraces, and grassed waterways). For example, if an one acre grassed waterway drains storm water from 10 adjacent acres, include 10 acres.
- 2) Acreage of fields/tracts that are adjacent to field edge practices (such as filter strips, riparian buffers, or fences). For example, if an one acre filter strip captures nutrient runoff from a 20-acre field, include 20 acres. In another example, if fencing is installed to restrict access to 15 acres of sensitive habitat, or to establish a grazing boundary around 15 acres, include 15 acres.

Note: EQIP contracts do not always provide a payment in every year of current contracts.

Item 2b(iii) - Conservation Stewardship Program (CSP):

CSP is a voluntary "working lands" program providing financial and technical assistance for adoption of conservation "enhancement" practices that builds on existing conservation efforts. Contracts are 5 years in length.

Item 2b(iv) - All other U.S. federal conservation programs:

Record the total number of acres the operation has enrolled in and the total amount of payments received from other U.S. conservation programs, including (but not limited to) the Agricultural Conservation Easement Program (ACEP), The Soil Health and Income Protection Program (SHIPP), the Regional Conservation Partnership Program (RCPP), the Small Watershed Rehabilitation Program, and the Feral Swine Eradication and Control Pilot Program.

Item 2c – Disaster and program payments

Record the total amounts received during the reference year for each disaster program.

Item 2c(i) - Price Loss Coverage (PLC) Program:

Producers could sign up eligible historical base acreage for either the PLC or ARC program. Payments are issued when the market-based effective price of a covered commodity is less than the effective reference price for that commodity. The effective

reference price is a price trigger that adjusts in response to market conditions. The reference price conditions were made more generous, in the 2018 farm bill, increasing the likelihood that payments will be made under the PLC program.

Item 2c(ii) - Agriculture Risk Coverage (ARC) Program:

Producers could sign up eligible historical base acreage for either the PLC or ARC program. This program has a payout when their county's average per-acre revenues (based on realized yields and prices) fall below a guaranteed level.

Item 2c(iii) – Dairy Margin Coverage Program (DMC):

The Dairy Margin Coverage Program replaces the Dairy Margin Protection Program from the 2014 farm bill. DMC offers payments to dairy farmers when the difference between the U.S. all-milk price and the national average feed cost (as calculated by a statutory formula) fall below a certain dollar amount known as the coverage level threshold. The dairy farmer can select a coverage level threshold, ranging from \$4 to \$9.50 per cwt.

Note that a 2018 farm bill provision allows for participants in the prior Dairy Margin Protection Program to receive an additional payment based on a recalculation for the prior program. Please include any refunds here.

Note to only include the payout amount under DMC. The producer's premium cost is collected in Section H, item 18a. Producer premiums for participating in the program increase with the coverage level threshold, with the lowest (\$4 per cwt) level requiring only a \$100 administrative fee.

Item 2c(iv) – Agricultural Disaster Payments

Include the total amount of all market loss, disaster, or emergency assistance payments received from Federal programs. These programs include the Emergency Conservation Program (ECP), Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP), Emergency Forest Restoration Reserve Program (EFRP), Emergency Loan Program (EM), Livestock Forage Disaster Program (LFP), Livestock Indemnity Program (LIP), Noninsured Crop Disaster Assistance Program (NAP), and the Tree Assistance Program (TAP), and the Dairy Indemnity Payment Program (DIPP).

Exclude Federal crop, dairy, and livestock insurance indemnity and other indemnity payments recorded later in Item 3e.

Item 2c(v) – USDA National Organic Certification Cost Share program:

Record any payments received through the USDA National Organic Certification Cost Share program.

Item 2d – All other Federal, State, or Local Program Payments:

Record the total payments the operation has received from all other programs not previously listed.

Exclude payments received from private, non-profit, or other non-governmental entities.

Exclude payments received in the reference year from selling an easement. Generally, an easement permanently restricts use of the land (e.g., a grassland easement restricts

cropping rights, and a farmland preservation easement restricts development), although some States specify a maximum easement term of about 30 years.

Exclude the value of CCC loans, recorded in Item 1a in this section.

Exclude Economic Injury Disaster Loans (EIDL), record those in Farm Debt: Section J.

Item 3 Other Farm-Related Income

Other farm related income sources may be an important part of the operation's total income. The items below capture that income.

Item 3a – Custom Work and Machine Hire

Include income received by the operation for work this operation or its employees did for others using the operation's machinery such as plowing, planting, spraying, harvesting, preparation of products for market, etc. **Exclude** custom work carried out using equipment, machinery, and/or employees separate from this operation and which had its own set of books.

Item 3b – Grazing of Livestock

Include:

- any income this operation had from grazing of another operation's livestock on a per head or gain basis.
- any income this operation had from grazing of another operation's livestock on a short term (2-4 month) basis where the operation will harvest crops later in the year.

Exclude any contract arrangements previously recorded in Sections D or E.

Item 3c – Sales of Forest Products

Record the total income from sales of all forest products from the total acres operated.

Include sales of timber, pulpwood, firewood, etc.

Exclude short rotation woody crops, maple syrup and Christmas tree sales; they should be reported as crop sales in Section B.

Item 3d – Sales of Farm Machinery & Vehicles

Include:

- all direct sales of machinery used for farming, such as tractors, combines, farm machinery, and equipment.
- farm share of cars and trucks sold.

Exclude items traded in for other items since the value of these is deducted from the purchase price of new equipment, recorded in Section H.

Item 3e – All Insurance and Indemnity Payments

Report all insurance payments that were received by this operation. **Include** payments

received from public and private sources, including crop and livestock insurance, casualty insurance, vehicle liability, blanket liability policies, and operator dwelling insurance.

Item 3e(i) – Federal Crop & Livestock Insurance

Under the Federal Crop Insurance Reform Act of 1995, farmers are required to obtain at least the basic catastrophic level of crop insurance coverage if they want to participate in most USDA programs. Information on Federal Crop Insurance Corporation (FCIC) crop insurance indemnity payments, combined with expense data for purchases of FCIC crop insurance reported in Section H, are used to assess the impact of this crop insurance program on farmer well-being.

Record the amount which was received from crop insurance indemnity payments. If more than one payment was received, total the payments. Note that Federal crop and livestock insurance is delivered by a private crop insurance companies, and the insurance can take many forms **including**:

- Catastrophic coverage (CAT)
- Yield protection (YP)
- Revenue protection (RP)
- Revenue protection with harvest price exclusion (RP-HPE)
- Noninsured crop disaster assistance program (NAP), and Tree assistance program (TAP)

Exclude any insurance payments or workmen's compensation received by members of the principal operator's family for illness or injury. Instead, include this income under off-farm income (Section M (CRR)), Item 1j).

Item 3f – Cooperative Patronage Dividends & Refunds

Record the amount of patronage dividends resulting from ownership of shares in cooperatives. **Include** cash, equity dividends and patronage dividends returned to this operation by cooperatives, sugarbeet 'retains' when received, and dividend payments received for shares in farmer-owned commodity processing plants, such as ethanol plants. These payments are frequently referred to as "value-added" shares.

Item 3g – Proceeds from Sales of Farmland/Farm Real Estate

For the small number of farms with farmland sales, the proceeds from such sales can make an important contribution to the cash available to farm households for investment or consumption purposes. Report the **net** proceeds for the sales of farmland or any other real estate for acres that were part of the operation on January 1. Report sales of other off-farm farmland and other assets in Section M, Item 1g.

Example:

An operator owned two sections of land, and partitioned off and sold one section of unimproved (no buildings or other improvements) land for \$640,000. The entire farm had a mortgage of \$200,000 at the time of sale. At settlement, (ignoring real estate commissions and other closing costs) the entire mortgage was paid off and the operator received a check for \$440,000. Enter \$440,000 for Item 3h. Had half the mortgage been

paid, then the operator would have received a check for \$540,000, reported here as proceeds, and the remaining \$100,000 balance on the mortgage would be reported as farm debt in Section J.

Include proceeds received from selling an easement (i.e., a permanent or long-term (30-year) easement for the sale of development rights, cropping rights, etc.) or other partial interest in land. Generally, an easement permanently restricts use of the land, and the landowner typically receives payment in one lump sum.

Item 3g(i) – Recognized Gain/Loss from Sales of Farmland/Farm Real Estate

If farmland and farm real estate sales are reported in Item 3g, record the recognized gain or loss from the sales. Record a loss as a negative number. **Include** gains or losses from selling an easement (i.e., a permanent or long-term (30-year) easement, sale of development rights, mineral rights, cropping rights, etc.) or other partial interest in land.

Item 3g(ii) – Number of acres sold

If farmland and farm real estate sales are reported in Item 3g, record the total number of acres sold or acres where one or more 'right' was sold.

Item 3h – Income from Energy Production

Include income from royalties, leases or fixed payments, and one-time payments associated with energy production from oil and natural gas, wind, pipelines, etc. If the income from wind turbine(s), oil well(s), etc. is on acres rented TO others (Section A, Item 3), include income from royalties and leases here.

Example:

If an operation owns 2,500 acres and rents out 1,000 acres – with 5 of these rented acres containing wind turbines and access roads – report 2,500 acres in owned acres and 1,000 acres in acres rented TO others in Section A. Record the rent received from the 1,000 acres in Section A and the income from the wind turbines in Item 3h in this section.

Items 3h (i-v) Amounts Received for Energy Production

For the listed types of energy production, please report the amount of income received associated with that energy type.

Item 3h(i) – Amount received for Oil and Natural Gas

Item 3h(ii) – Amount received for Wind

Item 3h(iii) – Amount received for Solar

Item 3h(iv) – Amount received for Energy Infrastructure

Item 3h(v) – Amount received for Other

		None	Dollars	
h. income from energy production (e.g. natural gas, oil, and wind turbines)? INCLUDE income from royalties, leases/fixed payments and one-time payments received in 2024. If none, skip to item i - all other farm related sources of income. 0555		<input type="checkbox"/>	\$.00
(i)	Oil or natural gas. 3012	<input type="checkbox"/>	\$.00
(ii)	Wind 3013	<input type="checkbox"/>	\$.00
(iii)	Solar 3014	<input type="checkbox"/>	\$.00
(iv)	Energy Infrastructure (e.g. pipelines, transmission lines, or substations not included in energy projects above). 3015	<input type="checkbox"/>	\$.00
(v)	Other → Please specify: ↘ 3016	<input type="checkbox"/>	\$.00
3112	<input type="text"/>			

Item 3i – All Other Farm Related Sources of Income

Report all other farm income not accounted for above. It may be helpful to prompt the respondent by referring to the list of “Other Farm Income” items on the questionnaire. Describe each of the items recorded here. If the income should have been reported in another item, then make the necessary corrections.

Include:

- Allotment or quota leases.
- Any Federal Excise Tax (FET) refund claimed, if the FET was included in fuels purchase cost.
- Hedging (futures contract) profits or losses.
- Refunds claimed for marketing charges which were withheld. (For example, Cotton Inc. refunds or Dairy Refund Payment Program refunds.)
- Equity or premium payments on CCC loans transferred to someone else (money received above the face value of the loan).
- Real estate tax rebates for land preservation.
- Income from renting or leasing of livestock.
- Income from renting or leasing of tractors, trucks, etc.
- Road tax refunds.
- Sale of water. In areas of the West, operations with irrigation rights have been able to sell a portion of their annual water allotment to municipal, commercial, and other industrial users.
- Sale of soil.
- Sale of value-added goods such as cheese, cider, jam, wine, milk, butter, honey, jerky, etc., **IF** these were part of the farm operation and **NOT** part of a separate business.
- Payments received for cell phone towers, access roads, etc., in which the operation receives an ongoing payment for their presence on the farm.
- Carbon credits.

Item 4 – Largest Portion of Gross Value of Sales

Ask the respondent to select the category (crop or livestock) which, in the operator’s opinion, represents the largest portion of this operation’s gross value of sales. If the operation had no sales, choose crops if the value of cropland on the operation exceeds the value of any livestock. Otherwise, choose livestock.

5.9 Section H – Operating & Capital Expenditures

5.9.1 Introduction – Importance and Uses

What's this Section for? How is the information used?

This section provides the data used to develop estimates of farmers' and ranchers' costs of doing business -- the expense side of an income statement. Estimates of net farm income published by ERS are critical indicators of the health of the entire farm economy and are useful in identifying subsectors and business types that are performing particularly well, or poorly, relative to past trends and to other types of farms.

Data from this section provides the basis for tracking how costs are changing for the farm sector as a whole and for different types of farms. Financial conditions tracked over time provide USDA and Congress the best information for understanding the changes taking place in agriculture today. Under- or over-reporting of costs would limit USDA's ability to accurately report the cost of producing various crop and/or livestock commodities.

The first publication of estimates based on data from ARMS is the *Farm Production Expenditures Summary* produced each year in early August by NASS. Closely following this publication is the Farm Sector Income Forecast released in late August by ERS. It relies heavily on results of this survey, and includes income statements of the farm sector, along with balance sheets and financial ratios.

This report and others are electronically available in the Farm Sector Income and Finances page of the ERS web site at <https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances>. Analysis of farm sector income and finances is also presented in the ERS publication Amber Waves. Each publication is available via the Internet to anyone interested in farm sector financial performance. USDA also provides periodic reports of the Structure and Finances of U.S. Farms: Family Farm Report to Congress.

USDA provides summarized data, and its farm sector accounts to the Bureau of Economic Analysis (BEA), an agency within the Department of Commerce. BEA uses these data in preparing the National and state level Gross Domestic Product (GDP) accounts and Personal Income accounts. These data ensure that BEA can accurately reflect the value of agricultural goods produced in the United States relative to the other industries. Information for non-farm industries comes from Census Bureau surveys, the Bureau of Labor Statistics' non-farm business surveys, IRS tabulations of business tax returns, and other sources. Production expense and farm income estimates are provided to the Council of Economic Advisers in the Office of the President, which publishes them in its monthly Economic Indicators. This publication is prepared for the Joint Economic Committee of Congress.

In this section, each major cost item is obtained--seeds, fertilizers, chemicals, feed, purchased livestock, veterinary and medicines, custom services and work, labor costs including wages, taxes, benefits and services provided, fuel, utilities, repairs, insurance, accounting, attorney fees, real estate taxes, interest, and depreciation. The detail allows

USDA to compare and quantify, item by item, cost per unit indicators. Examining expenditures this closely improves the quality of both the individual and aggregate estimates of farm expenses. We know that from experience, if we did not ask for cost by item, respondents fail to report items that are not typically listed in their record books. While it takes longer to ask for this detail, leaving out some costs would make net income appear larger than it is!

More detail is asked on some items:

- Breeding stock is separated from other cattle, calves, hogs, pigs, sheep and lambs. Purchases of breeding stock are an addition to the farm's capital, much like a truck or tractor. Producers can place breeding stock on a depreciation schedule and claim a deduction on their taxes. These purchases are not a part of ordinary operating expenses. Breeding stock is included in the balance sheet and the depreciation is included in the income statement.
- Although poultry farms may also have breeding stock, all chickens and turkeys should be recorded in Item 4c. All other poultry should be recorded in Item 4d, "Other Livestock and poultry".
- Depreciation and other non-cash items like inventory adjustment, and non-cash benefits paid to workers are not a cash outlay for farm operations, but are necessary for ERS' Farm Business Income Statement on its ARMS Farm Financial and Crop Production Practices web page.
- Depreciation measures the cost of using capital items during a particular year and reflects what has happened to the value of a farm's capital equipment. Usually, the entire cost of capital items (trucks, tractors, machinery, buildings, etc.) is not deducted as a business expense in the year they are purchased or built. Rather, the cost is spread out over their useful life. Farm producers are familiar with depreciation because it is a deduction claimed on their 1040F tax form. Many farmers seek the advice of an accountant or tax advisor on how much depreciation they will claim on their purchased buildings, equipment and breeding stock.
- Depreciation is also used in the farm household statistics so self-employment income from farming matches the Commerce Department definition of self-employment income from a non-farm business. This allows income from farm businesses to be compared with non-farm business income by the Commerce Department, which has responsibility for statistics on all aspects of the U.S. economy.
- If the producer has multiple operations, only account for the expenses that belong to the operation identified on the label. For producers with multiple operations, keep in mind the acres and livestock reported in previous sections for the selected operation. Expenses from the other operations are accounted for in Section M.

5.9.2 General Instructions

ALL EXPENSES FOR THIS OPERATION (defined by the total acres recorded in Section A, Item 4) **paid in the reference year** should be included in this section. This includes expenses paid for by the Producers and Partners only (items 1 through 47). Items 48 through 53 are for landlord operating expenses.

Exclude expenses not related to the farm/ranch, and household and living expenses.
Exclude expenses for performing custom work for others if a separate set of books are used for the custom business.

Ask the respondent to use farm/ranch records and explain that the interview will probably be shorter if these records are used. You are far more likely to get accurate information from records than from respondents who are relying on memory or guesswork. The questionnaire generally reflects common record keeping systems.

While many of these expenses or groups of expenditures are mentioned on the IRS 1040F, the 1040F should not be used to entirely complete this section of the questionnaire. The items in 1040F do not have the details necessary for each item in the questionnaire. There are also some definitional differences between the 1040F and the questionnaire.

If the respondent cannot give exact dollar figures, BEST ESTIMATES are acceptable.

Expenditures Related to Final Commodity Transportation

This survey focuses on the financial status of the farm sector. When and where the commodity is sold affects not only who is responsible for the expenditure, but also if the expenditure should be recorded. After payment and ownership are transferred, any expenditure related to the commodity is the responsibility of the new owner and should be recorded as such on the questionnaire only if the new owner is the target operator.

One situation that occurs in livestock operations is livestock that are priced and sold on the farm to a slaughterhouse (payment and ownership are transferred at the farm). If the slaughterhouse agrees to a price, pays for, and takes ownership of the livestock on the farm, the slaughterhouse is responsible for the transportation expenditures from the farm to the final destination. The transportation expenditures, as a result, are NOT recorded in the ARMS questionnaire since at the time of transport; the livestock are no longer part of the target operation.

For a transfer of ownership between one operation and another, the timing of payment and commodity transfer determines which operation accounts for the transportation expense to the final destination. If payment and commodity transfer occur at the final destination, then any expenditure associated with transportation is the responsibility of the seller.

5.9.3 Operating Expenses

Item 1 – Seeds, Plants, Trees, etc.

This item refers to the cost of any purchases in the reference year whether they were entirely used or not. For example, a farm may have purchased \$1,000 of seed but only planted \$800 of it. In this case, record the \$1,000 for expenditures and record the remaining \$200 in seed as a production input asset in Section I. Make sure the respondent accounts for all purchases of seed, sets, plants, trees, etc., not only the amount used to plant the crop harvested. Note that operations can have these expenditures even when they did not have any harvested acres. Be sure the producer remembers to include any expenses for seed for pastures. Seed expenses are often a line item in record books (and on the IRS 1040F).

Include:

- expenditures for cleaning or treating homegrown seeds or plants
- expenditures for trees or shrubs used as windbreaks or for reforestation (if the operation did not consider this a capital expense)
- seed expenses for cover crops planted on idle land
- expenditures for plants purchased and transplanted to grow as a crop (for example, tobacco transplants)
- technology fees for purchasing genetically altered seed

Exclude:

- expenses for items purchased for direct resale without additional growth
- tree purchases that were considered capital expenses. These should be recorded as land improvements later in this section
- value of homegrown seed
- oyster/clam seed, these should be recorded in Item 4d

Item 2 – Nutrient, Fertilizer, Lime, and Soil Conditioners

This expense is a line item in almost all farm record books (and on the IRS 1040F).

Include expenses for:

- all commercial fertilizer
- fertilizer-pesticide combinations
- pre-emergence herbicides mixed with fertilizer sold as one product
- trace elements (micronutrients) such as zinc and copper
- lime and all soil conditioners, purchased manure, cottonseed hulls, sludge, gypsum, sulfur, marl, peat, and other conditioners
- application costs if materials were custom applied **Exclude** expenses for potting mixes, vermiculite, and sterilized soil. This is recorded in Item 47 (other expenses)
- sludge

Item 3 – Agricultural Chemicals and Biocontrols

Chemical and biocontrol expenses are recorded as a line item in most record books (and the IRS 1040F). Include crop, livestock, dairy, poultry, and general farm use chemicals.

Include expenses for:

- insecticides, herbicides, fungicides, defoliants, nematicides, fumigants, growth regulators, and rodenticides, used on crops, pastures, seeds, crop storage buildings or seed beds for the control of all types of weeds, diseases, insects, rodents, fungi, nematodes and other predators
- all sprays, dusts, granules, or other materials
- application costs if materials were custom applied
- carrier materials such as fuel oil, solvents, or wetting agents mixed with pesticides
- all pesticides applied to crops or buildings
- all sprays, dips, dusts, dairy pesticides, udder antibacterial disinfectants, and other chemicals purchased for use on livestock. If the respondent records these items under supplies, try to get them broken out and include them here.

Exclude expenses for:

- the value of pesticides in fertilizer-pesticide combinations (record in Item 2)
- cleaning chemicals for equipment and buildings on dairy and other livestock enterprises (record these expenses in Farm Supplies Item 13 later in this section)

Livestock Expenses: Items 4-8

Purchased feed, livestock purchases, livestock leases and livestock expenses such as breeding and veterinary services are usually recorded as line-item expenses in record books. You may have to probe to break figures out for some of the expense categories. If there are livestock expenses, there will likely be livestock inventories in Section C and the value of those livestock reported in Section I. If not, please make a note.

Item 4 – Livestock Purchases

Include genetic royalty fees (if applicable) for purchased livestock.

Exclude all expenses incurred by feedlots and other types of contractees that fed this operation's livestock on a custom basis. If this operation is a feedlot, include only expenses for which it was not reimbursed.

If the respondent purchased livestock in the reference year, include the purchases of animals directly related to production on this operation. If livestock are purchased then grown on another operation, make a note of the situation for the Regional Field Office. Purchases of livestock and poultry during the reference year should include the price of the animals plus commission, yardage, insurance, and fees.

In large integrated operations, livestock or poultry are usually transferred from one production phase of the operation to another production phase. Although this is not a true purchase, we need an estimate of the value of the livestock or poultry at the points they move between production phases to accurately gauge the net value of production. An example of this is a hatchery that receives hatching eggs from another part of the integrated operation. In this case, we would obtain an estimated value or "book value" of the hatching eggs. Without an estimated cost of hatching eggs to the hatchery, the net value of the hatchery output would be overstated. This practice is in line with accounting practices of non-farm corporations that assess the "profitability" of each phase of production. This makes it possible to compare profitability of farms with non-farm businesses at the national and state level.

Item 4a – Breeding Stock for Cattle, Hogs, & Sheep

Include expenses for:

- BEEF animals to be used as breeding stock or herd replacement for this operation, regardless of age
- MILK cows
- DAIRY animals to be used as breeding stock or herd replacement for this operation, regardless of age
- all gilts, sows and boars purchased for breeding purposes

- all ewes, rams and lambs purchased for breeding purposes

Item 4b – All Other (Non-Breeding) Cattle, Calves, Hogs & Pigs

Include expenses for:

- any cattle or calves not purchased for breeding herd replacement and/or expansion
- cattle placed in a feedlot
- all other hogs and pigs such as feeder pigs and market hogs

Item 4c – Chickens & Turkeys Purchased

Record the total cost for all chickens and turkeys purchased by the operation or transferred from one production phase of the operation to another production phase in the reference year.

Transfers are not a true purchase, but we need an estimate of the value of the poultry moving through the operation.

Include poultry raised under contract only if the operation is considered to have purchased the birds. In most contract arrangements, the contractee does not purchase the birds.

The respondent may have settlement sheets from their contractor for each flock that list these expenses. Expenses are listed either as a total for each item or on a per pound basis. Total expense for the year is determined by the number of flocks or total pounds of birds raised. If the producer cannot provide a settlement sheet or report the expenses, find out how many birds the operation grew under contract in the reference year and explain with a note.

Item 4d – Other Livestock, Poultry, Fish, Bees, etc.

Include expenses for:

- all sheep and lambs, other than for breeding
- mules, goats, all horses and ponies, etc.
- ducks, geese, guineas, pigeons, etc.
- hatching eggs
- bees purchased
- rabbits, mink, and other fur bearing animals
- catfish, brood fish, fingerlings, or other fish raised commercially or for on-farm consumption
- oyster/clam seed
- milk and eggs purchased to fulfill marketing contracts
- dogs used to work livestock or as guard dogs
- all other livestock or products not already included

Exclude expenses for animals kept only as pets.

Item 5 – Leasing of Livestock

Include expenses for:

- Renting or leasing of livestock by this operation.
- Renting bees and bee hives.

Item 6 – Purchased Feed

This expense is a line item in most farm record books (and the IRS 1040-F).

Include all feed grains, hay, forages, mixed or formula feeds, concentrates, supplements, premixes, salt, minerals, animal by-products, and all other feed additives and ingredients. Almost every livestock operation should have something for this expense even if it is basic salt and mineral blocks.

Item 7 – Bedding & Litter

Record the amount spent by the operation for bedding and litter for livestock, dairy, and poultry.

Include expenses for:

- straw, hay, etc.
- sawdust, wood chips, corn stalks, etc.
- all other bedding and litter items

Item 8 – Medical Supplies, Veterinary, & Custom Services for Livestock

Include expenses for:

- artificial insemination and breeding (AI)
- breeding fees and semen
- branding
- castrating and caponizing
- custom feed processing, grinding and mixing services. (The cost of feed should be included in purchased feed. If the respondent includes custom feed processing with feed costs in farm records, try to get this item broken out and include it here.)
- veterinary services or supplies, etc.
- pregnancy testing and other health examinations
- hormone injections
- miscellaneous livestock and poultry medical services and supplies (regardless of where purchased)
- performance testing
- singeing of fish
- sheep shearing
- horse-shoeing for work horses used on the operation
- removal of dead animals

Exclude expenses for manure disposal. These will be reported in Item 29a.

Fuels, Utilities, & Purchased Water (Farm Share Only): Items 9-12

These questions ask for the total spent for the farm share of utilities, fuels and irrigation water. Farm record books (and the IRS 1040F) have an entry for total gasoline, fuel and oil expenses but will not have the breakdown needed for these questions.

Only the **FARM SHARE** should be reported, which is whatever the operation took as its business expense on its tax form and/or income statement. One way to help the producer report here, especially if his records are itemized differently, is to remind him/her of how the costs would have been incurred, such as for operating irrigation pumps, drying equipment, motor vehicles, machinery, etc.

For farm share of utility expenses, include monthly or annual charges to maintain service even when a utility is not being used (stand-by fees). Also include emergency electric guarantee fees, etc.

If farm and home meters are separate, **exclude** costs for water and/or electricity for the home except in situations where the farm office is in the home. In this case, include the farm share of home water and/or electricity expense. If some or all of the farm buildings shared the same meter as the home, include only the farm's share of the costs in this item.

Include expenses for:

- FARM SHARE ONLY of all fuels used (on this operation) in autos, trucks, tractors, self-propelled machinery (combines, swathers, etc.), irrigation pumps, elevators, chain saws, etc.
- all fuels for heating and lighting farm buildings
- fuels used to heat a farm office (including the cost of coal or wood)
- fuels used for drying or curing crops (including the cost of coal or wood)
- fuels for vehicles and machinery used both on this operation AND for custom work or machine hire, provided these activities are NOT a separate business (See first Exclusion below). Income from custom work and machine hire will be reported as farm-related income in Section G
- aviation fuels
- Federal excise fuel taxes. (Refunds of Federal excise fuel taxes paid should be reported as other income in Section H.
- purchased irrigation water
- the costs of electricity or other fuel associated with irrigating
- all farm share expenses for other utilities including telephone service and water other than irrigation

Exclude expenses for:

- fuel for machinery used only for custom work where separate books were kept and income from custom work was considered to be from a separate business.
- petroleum products used as carriers with pesticide sprays. (These should be included in Item 3 in this section.)
- fuel used in motor vehicles for non-farm use and in other engines or machinery used for non-farm purposes
- fuels used for heating or cooking in the producer's residence
- fuel provided to farm employees for non-farm use as a non-cash benefit

Item 9 – Fuel Expense: General

Record the farm share of the total fuel expense including diesel fuel, gasoline and gasohol, natural gas, LP gas (propane and butane), all other fuels (coal, fuel oil, kerosene, wood, etc.), and oils and lubricants (grease, hydraulic fluids, motor oils, transmission fluids, etc.). Refer to the header “Expenditures Related to Final Commodity Transportation” at the end of the Introduction of this section to determine which fuel expenses related to final commodity transfer are recorded in this item.

Item 9a – All Fuels, Oils & Lubricants

Record the farm share of expenses for ALL fuel, oils and lubricants. The sum of items 9a(i) through 9a(vi) must equal 9a.

Item 9a(i) – Diesel Fuel

Record the farm share of expenses for diesel. **Include** biodiesel and vegetable oil.

Item 9a(ii) – Gasoline and Gasoline Blends that Include Ethanol

Record the farm share of expenses for gasoline and gasohol **including** ethanol.

Item 9a(iii) – Natural Gas

Record the farm share of expenses for natural gas.

Item 9a(iv) – LP Gas

Record the farm share of expenses for LP gas (propane, butane).

Item 9a(v) – Oils and Lubricants

Record the farm share of expenses for oils and lubricants. **Include** grease, hydraulic fluids, motor oils, transmission fluids, etc.

Item 9a(vi) – All Other Fuels

Record the farm share of all other fuels. **Include** coal, fuel oil, kerosene, wood, etc.

Item 10 – Electricity

Record the farm share of the total amount spent for electricity, **including** irrigation. **Include** electricity for the farm office, barns and other farm buildings. If the farm office is in the home, include only the farm's share of the home electricity expense. **Include** monthly or annual charges to maintain service even when electricity is not being used. **Include** emergency electric guarantee fees, etc.

Item 11 – Purchased Irrigation Water

Record the total costs of purchased irrigation water acquired from any off-farm water source to irrigate crops on the farm. **Include** any drainage assessments, delivery charges, or other fees associated with the purchased water, and any standby fees and/or taxes which must be paid even if no water is used.

Item 12 – All Other Utilities

Record the farm share of the total expense for telephone service and calls, water (other than for irrigation), and all other utilities not previously reported. **Include** monthly or annual charges to maintain service even when the utility is not being used (stand-by fees). If farm and home meters are separate, **exclude** all costs for utilities for the home except in situations where the farm office is in the home. In this case, **include** the farm share of the utility expenses for the office. If some or all of the farm buildings shared the same meter as the home, **include** only the farm's share of the costs.

Farm Supplies, Repairs, and Maintenance: Items 13-16

Item 13 – Farm Supplies, Marketing Containers, Tools, Shop Equipment, etc.

Record expenses for miscellaneous supplies and equipment, marketing containers, hand tools and farm shop power equipment not placed on a depreciation schedule. (Power equipment is defined as equipment requiring fuel or electricity to operate). **Exclude** expenses for containers purchased for direct resale to consumers. **Exclude** expenses for fencing and irrigation equipment--these will be collected separately.

Include expenses for:

- **general farm supplies**, agricultural bags, canvas, polyethylene film, tarpaulins, baling wire and twine, scales, acetylene gas, oxygen and welding rods, dairy equipment cleaning chemicals (detergents, sanitizers) etc.
- **carpentry, electrical, and plumbing supplies**, axes, fencing tools, forks, picks, scoops, shovels, spades, chainsaws, ladders, bolts, chains, nails, rope, etc.
- **mechanic's tools**, pliers, wrenches, bolt cutters, power drills, grinders, saws, sanders, welders, compressors, battery chargers, hoists, jacks, winches, fuel tanks etc.
- **containers** purchased for planting, growing, harvesting or marketing any commodity such as baskets, boxes, flats, trays, sheets, totes, bins, crates, wool bags, etc., and nursery production (even if they are to be resold with the plant.) **Exclude** containers purchased for direct resale to consumers.
- **usage charges** or rental fees for containers provided by a buyer, shipper, or packer
- **rental or per unit fees** for containers, sheets, etc. provided by a marketing association or cooperative
- **attachments and accessories** for any items in this category
- **rain gear** or other protective clothing purchased for use on the operation
- **repair of tools** and other items in this category
- **other supplies and tools** which are generally reusable, and which are not included elsewhere

Item 14 – Repairs, Parts and Accessories for Vehicles, Machinery, & Equipment

Record the total **FARM SHARE** of expenses for materials, labor, parts and services for repair and upkeep of motor vehicles and equipment. **Include** the cost of accessories for machines and equipment. If they are not listed separately in the producer's records, family use expenses may be included.

Include expenses for all:

- tune-ups or overhauls of machinery or equipment (if not placed on a depreciation schedule)
- damage repairs even if covered by insurance settlements
- maintenance and repairs for all vehicles, machinery, equipment, implements, EXCEPT irrigation equipment
- parts and accessories for vehicles and equipment

Examples of these expenses include:

- major engine overhauls, if not placed on a depreciation schedule,
- repair of power equipment: services and parts for overhauls, minor tune-ups, valve and ring jobs, brake adjustments, exhaust system repairs, tubes, tires, front end alignments, steering adjustments, wheel balancing, replacement of shock absorbers, repair of carburetors, fuel pumps, fuel injector systems, water pumps, electrical systems, clutches and transmissions, body work, frame repairs, painting and glass replacement
- accessories: hitches, wheel weights (including fluid), mirrors, radios, tractor cabs, air conditioners, hydraulic cylinders
- electric sensor systems (auto steering, yield monitoring, etc.)
- replacement parts for all machinery including disk blades, cultivator sweeps and shovels, sickles, guards and baler parts
- repair of livestock or poultry equipment
- frost protection system repairs and maintenance

Exclude expenses for:

- accessories included in the purchase cost of vehicles, machinery, equipment, etc.
- utility beds, boxes and hydraulic systems purchased separately from a newly purchased truck. Record these in Item 46 (All Other Capital Expenditures).
- Repairs that are included on a capital asset's depreciation schedule. (Expenses that are placed on a depreciation schedule are capital expenses. Repairs of this kind should be recorded in All other Capital Expenditures with a note on the specify line indicating that the expenditure is a major repair to an owned capital asset and record the type of capital asset repaired.)

Item 15 – Maintenance/Repair of Farm Buildings & Land Improvements

Record all expenses associated with maintenance of fences, buildings and other structures, and land improvements. Maintenance and repair expenses for existing land and conservation improvements are those expenses the operation has on a regular basis and which have to be done for these improvements to continue to be useful.

Example: Annual leveling done for irrigation systems and repairing existing dikes and ponds.

Include maintenance and repair of:

- houses for hired farm/ranch labor or tenants

- all other farm/ranch buildings such as barns, shops, storage facilities, sheds, silos, bins, and similar structures
- wells
- drainage facilities
- repairs and maintenance of irrigation equipment
- all other farm improvements

Exclude any new construction or remodeling expense (These should be reported under Capital Expenses (Items 35-37)).

Item 16 – Maintenance & Repair of the Producer's House

Record the total amount spent in the reference year for maintenance and repairs to the producer's house, if it was **owned by the operation**.

If the producer does not understand what is meant by “owned by the operation”, offer the definitions noted on the questionnaire. “Owned by the operation” means the house is recorded as an asset in farm record books, or deeded as part of the farm.

Exclude any new construction or remodeling expense.

5.9.4 Insurance, Interest, Taxes, Vehicle Expenses and Depreciation: Items 17-23

Item 17 – Margin Protection Program for Dairy

Record the dollar amount of the fees and buy-up coverage for the Dairy Margin Coverage Program. **Include** the \$100 administrative fee.

Item 18 – Insurance

All expenses for this item should be for the farming operation only.

Include the farm share of all types of insurance including casualty insurance, crop, grazing, and livestock insurance, motor vehicle liability, blanket insurance policies, etc. In most record books, insurance expense is a line item. The IRS 1040F also contains a similar expense item.

Exclude premiums paid in prior years for coverage in the reference year. Also exclude premiums paid for life, health, and other payroll insurance which are included in Section M, as part of the household expenses.

Item 18a – Federal Crop Insurance

Record the dollar amount of the total (Item 18) insurance expense that was for Federal crop insurance.

Include:

- insurance premiums for the loss of grazing on rangeland, if the program is administered by a Federal agency

- insurance premiums for crop revenue coverage, if the program is administered by a Federal agency

Item 19a – Interest & Fees Paid on Debts Secured by Real Estate

Record the total amount spent by the operation in the reference year for interest and service fees for all loans owed by the operation which were secured by real estate. “Secured by real estate” means that real estate, such as land, a building, or a home, was used as collateral in obtaining the loan.

Exclude:

- interest on farm debts that was not part of this operation
- interest on the producer's residence if it is owned by the producer separately from the operation
- payments made on the loan principal amount
- interest and fees paid on debts NOT secured by real estate

Item 19b – Interest & Fees Paid on Debts NOT Secured by Real Estate

Record the dollar amount spent by the operation in the reference year for interest and service fees for all loans owed by this operation that were secured by farm assets other than real estate, such as machinery, tractors, trucks, other equipment, fertilizer, feed, seed, or livestock and poultry, breeding stock, money borrowed for use as working capital, and interest paid on CCC loans. **Exclude** interest and fees paid on debts secured by real estate that are reported in Item 19a.

Item 20a – Real Estate Taxes

Record the amount of real estate taxes paid by the operation in the reference year. This is a line item in most farm record books (and the IRS 1040F.) **Exclude** taxes paid on personal property (they are included in Item 20b).

Some states allow homestead exemptions, old age exemptions, etc., so all land owners may not be required to pay taxes on any, or a part, of their land. If the operation is not required to pay taxes due to an exception, make a note on the questionnaire.

Include:

- taxes on farm land and buildings including the producer's dwelling, if owned by the operation
- taxes paid in the reference year, even if they were levied in another year
- all partners' shares of taxes when a partnership is reported

Exclude:

- taxes on personal property (include in Item 20b)
- income taxes paid to IRS
- taxes on land rented to others (this is collected on the renter's form)

Item 20b – Other Property Taxes

Personal property taxes may be assessed on things such as cars, trucks, farm

machinery, livestock, production inputs, etc. that are not associated with land or buildings. Record the total amount this operation paid in the reference year for property taxes on assets other than land or buildings. Exclude vehicle registration and license fees; they will be collected in Item 22.

Item 21 – Renting & Leasing Vehicles, Tractors, Equipment & Storage Structures

Record the total expense for renting or leasing all vehicles, tractors, farm machinery, equipment and structures.

Item 22 – Vehicle Registration & Licensing Fees

USDA accounts for income generated on farms in a manner consistent with that used internationally, following guidelines established by the Organization for Economic Co-operation and Development (OECD). The U.S. value-added measure includes payments linked to production made to governments as an expense category. Property taxes and vehicle registration and licensing fees are components of this category.

Record the total expense paid by the operation in the reference year for the farm share of registration and license fees for motor vehicles, trailers, etc. Also include hazardous material (HAZ-MAT) hauling license fees required in some states to haul agricultural chemicals on public roads. If license fees associated with new vehicles were collected by the dealer when the vehicle was sold, they should be listed on the purchase agreement or bill of sale. Probe to be sure personal property taxes assessed on purchased vehicles are **excluded** from this item. These taxes should be recorded in Item 20b.

Item 23 – Depreciation for Capital Assets

Capital assets (assets that help create value for many years) typically last for multiple years, so the cost of using an asset must be allocated over the life of the asset. In taxes and accounting, this is done through “depreciation”. It is not counted as a cash expense in the year it was purchased. Since it is not a cash expense, depreciation and capital expenses are not double counted.

Depreciation is a formula-based estimate of an asset’s useful life and how much value is lost each year it is owned by the operation and employed in production. DO NOT enter the CURRENT VALUE of all depreciable assets in this cell.

Depending on current tax rules, depreciation may be accelerated into one or two years, but more routinely, the formula for depreciation is the original cost of an item, less expected salvage value, spread over the years in the service life set for the item by the IRS. Accountants and tax advisors usually determine a depreciation schedule (over how many years capital assets will be used up) for the farmer.

The depreciation expense is the amount that was claimed for the reference year and is a line item which is available on the IRS 1040F. For this survey, use the depreciation amount claimed by the respondent on his income tax return if he/she is agreeable.

Special conditions:

- If the producer has been farming a long time, his equipment and breeding stock may be ‘depreciated out’, meaning he or she did not claim any depreciation on

- his or her taxes. If this is the case, make a note explaining the situation.
- If the operation is a partnership, include the amount claimed by all partners.

Item 23a – Depreciation for Breeding Livestock

Record the amount of Item 23a that was specifically for breeding livestock. (Only purchased breeding stock can be depreciated).

5.9.5 Labor Expenses: Items 24-30

Item 24 – CASH WAGES paid to hired farm and ranch labor

Record the total cash wages and bonuses paid to all hired farm and ranch labor on this operation during the reference year for agricultural work.

Include in the total amount paid:

- cash wages, incentives, bonuses and profit percentages paid to workers doing agricultural work on land in the operation
- wages paid to family members and corporate officers
- salaries of hired managers
- the **SALARY** paid to the producer. (**Do not include “draws”**. “Draws” are money taken out of the farm/ranch business for household expenses or other non-farm/ranch expenses.)
- portions of payroll taxes and cash benefits paid by the employee and withheld from their wages.

Exclude from the total amount paid:

- wages paid for housework
- expenses for contract labor
- money taken by the producer's household on a “draw”
- Employer's share of payroll taxes including Social Security, Unemployment, Worker's Compensation, etc.
- benefits such as health insurance, life insurance, pensions, retirement, etc.

Paid labor includes only those workers whose pay was considered a business expense of the farm/ranch operation during the reference year. These workers should have gotten a W-2 form from the operation, but for some reason they may not have. The key point in this item is that if the wages paid to the workers were considered a business expense to the operation, include them here. Producers who had more than 500 work hours of farm labor in any quarter during the year are affected by minimum wage laws.

Paid labor Includes:

- agricultural workers on the payroll no matter where they worked
- agricultural workers on paid vacation or sick leave
- service workers provided to other operations by the selected operation
- family members who were paid by the operation

In order to be counted as agricultural workers, employees must be involved in activities

defined as being agricultural work.

Include as Agricultural Work:

- work done ON this operation in connection with the production of agricultural products, including nursery and greenhouse products and animal specialties such as furs, fish, bees, honey, etc.

work done OFF this operation such as trips for marketing products of the operation, buying feed, delivering products to local markets or handling other farm-related business.

- repairs of farm/ranch buildings and machinery when performed by someone who is considered an employee of the operation
- bookkeeping done by an employee of the operation
- managing a farm/ranch for a salary
- meal preparation for work crews

Exclude from Agricultural Work:

- housework such as cooking, cleaning, babysitting, etc. done for the producer's family and household
- operating a gasoline station, store or other such non-agricultural enterprise even if it was located on the operation
- work involved in training, boarding or renting animals such as horses and dogs unless it was part of, and cannot be separated from, the business of raising the animals
- caring for research animals
- work at a roadside stand (or farm store) UNLESS the operation produced more than 50 percent of the products sold at the stand
- work which alters the commodity produced (such as wineries, canneries, textile mills, etc.) even if it is done on the operation and the workers are paid by the producer. Make a note if the respondent cannot separate these workers and their wages from operation's total payroll.
- all work provided by service firms such as cotton ginning (record as a marketing charge), commercial bookkeeping, legal and other professional services provided at a location off the farm. All other items, except the ginning and farm management (professional) services, should be recorded as a "General Farm Business Expense" in Item 33.

Items 25(a-e) – Breakout of Cash Wages Paid

The breakout of total cash wages is important to assure that the respondent includes cash wages paid to self, spouse, other producers, and other family members. The wages paid to farm and ranch labor are more obvious to the producer when he/she responds to this section. This breakout also allows for the proper allocation of cash wages to producer household income when data is processed. Record the actual dollars paid of the total cash wages paid (Item 24) to people in each of the categories listed. The sum of 25a + 25b + 25c + 25d + 25e MUST equal the total reported in Item 24 in the questionnaire.

Item 25a – The Producer

Record the amount paid to the producer, including hired managers. A hired manager is a salaried or hourly employee that gets a fixed wage or salary paid out from either the owner or the farm's financial accounts to manage and make day-to-day decisions for the farm. Bonuses are part of the hired manager's salary.

Exclude money taken out of the operation on a draw by the owner/producer.

Item 25b – Wages Paid to Spouse

Record the amount paid to the principal producer's spouse.

Item 25c – Other Household Members

Record the amount paid to the other members of the producer's household. Household members **include** everyone who lives in the producer's house and shares the financial resources of the producer. Usually these are family members. **Include** people who do not live in the house if they are dependents of the producer (college students, etc.). **Exclude** salaries paid to partners (unless they live in the household) and to their household members. These should be included in Item 25d.

Item 25d – Other Producers

Record the amount paid to other producers for this operation. These are persons responsible for the day-to-day management decisions for this operation, including hired managers as defined in 25a. **Exclude** producers that are household members of the principal producer. These should be included in 25c.

Item 24e – All Other Paid Farm/Ranch Labor

Record the amount paid to all hired workers of the operation except those included in Items 25a, 25b, 25c, and 25d. **Include** wages and salaries to family members who are not members of the producer's household.

Item 26 – Payroll Taxes

Record the total dollars spent by this operation for payroll taxes like Social Security, Unemployment, etc. If the employees paid a share of some of these items and their share was withheld from their wages, the expense for their share should be included in Cash Wages.

Item 27 – Benefits for Hired Labor

Record the total dollars spent by this operation for cash benefits including life insurance, health insurance, pensions, Worker's Compensation, retirement, etc. for employees of this operation. If the employees paid a share of some of these items and their share was withheld from their wages, the expense for their share should be included in Cash Wages.

When the producer or the producer's spouse was a paid employee of the operation, and the operation paid for health insurance for the farm family as a benefit of this employment, this is a valid business expense and should be included in this item.

Item 28 – Contract Labor Expense

Record the total amount spent by the operation in the reference year for contract agricultural labor.

Contract workers are paid by a crew leader, contractor, buyer, processor, cooperative or other person who has an oral or written agreement with a farmer/rancher. Record the total expenses for contract labor used in the reference year.

Include:

- contract expenses for workers hired to harvest fruits, vegetables, potatoes, berries and all other crops
- other agricultural work which was performed on a contract basis by a contractor, a crew leader or a cooperative
- expenses for work done by any custom producer who does not provide his own machinery and who was hired on a contract

Exclude expenses for contract construction or maintenance of buildings and land improvements. Contract labor expenses for maintenance and repair should be reported in Items 15 and 16. Contract labor expenses for all new construction should be reported in Items 35-37, land improvements, new buildings/structures, or new construction/remodeling of producer's dwelling.

Item 29 – Custom Work

Custom work is work performed by machines and labor when it is hired as a unit. Expenses for transporting or hauling animals or other products such as milk to the processor go here if the driver and the vehicle are hired together. Loading is probably also part of the fee. If only the labor is hired (no machines or vehicles), then the expense goes either under contract labor or in total cash wages if the labor was seasonal hired labor.

Item 29a – Custom Hauling

Record the total cost for all hauling done for this operation by a custom producer. Examples of custom hauling are paying a driver with his truck to haul grain to the elevator, livestock hauled to an auction, and milk hauled to a pooling station. At this point in the interview, you will know enough about the operation to probe for specific hauling expenses the operation may have incurred. For example, if you are interviewing a dairy farmer, probe to be sure milk hauling is included. Most dairies have an expense for custom hauling but may overlook that expense or not consider it "custom" work.

When accounting for custom hauling expenses, keep in mind when the payment and commodity transfer occurred. Refer to the header "*Expenditures Related to Final Commodity Transportation*" at the end of the Introduction of this section to determine which custom hauling expenses related to final commodity transfer are recorded in this Item.

Include:

- hauling to market
- hauling between farm/ranch parcels
- milk hauling charges. (If these were deducted from the producer's milk check, add them back to get the "total value" figure we want in Section C, Item 2e, column 5, Cash Sales and/or Section E, Item 2, Marketing Contracts).
- hauling of feed, seed and fertilizer to the operation
- manure hauling

- all other hauling charges for the operation

Item 29b – Other Custom Work

Most farm accounting record books (and the IRS 1040F) have a line for total expense for custom hire (machine work). Custom work is defined as work performed by machines and labor hired as a unit. Other custom work on crops would include custom planting, harvesting, leveling, and soil testing. Planting by plane or helicopter should also be included in this item.

Exclude:

- contract labor
- custom fertilizer, lime &/or soil conditioner applications (include in Item 2)
- custom applications of crop chemicals and pesticides (record in Item 3) and pest scouting (record in General Business Expenses, Item 33)
- leasing of cars, trucks, tractors or other equipment (record in Item 21)
- custom livestock expense (record in Item 8)

Item 30a – Cash Value of Commodities and NON-CASH PAYMENTS Provided to Household Members for Farm Work

Record the value of any commodities and non-cash payments provided to members of the household instead of payment of actual dollars. The value of the commodities is whatever the commodities could have been sold for. **Include** quantities of grain or other crops, head of livestock, or livestock products such as milk provided as a non-cash payment to household members.

Exclude living expenses for family members unless the expenses were considered a business expense of the operation.

Item 30b –Cash Value of All Food, Goods, & Services Provided as Payment to Workers who are NOT Household Members

This question only applies to workers who are not members of the producer's household. The value of heating fuels, transportation, telephone, electricity, clothing and furniture supplied to hired workers who are not members of the producer's household should be calculated in terms of what they cost the producer. The value of food produced on the farm and furnished to paid workers should be whatever the items would have been worth at local prices (at the time they were given to the workers).

Producers may not regularly keep records of this type of employee compensation. For this reason, the question specifies items which are commonly overlooked by farmers in reporting these non-cash payments. Use items such as the value of commodities (head of livestock, bushels of grain, etc.) paid to any workers in lieu of wages for farm work, including such payments-in-kind. Using these items as probes will help the respondent better consider which type and amount of these payments were made.

5.9.6 Commodities Used on Operation, Professional Services: Items 31-32

Item 31 – Market Value of Products Used or Consumed on the Operation

Record the estimated MARKET value of all the meat and livestock products, fruit, vegetables, berries, firewood, etc. produced and used or consumed on this operation during the year.

Include products used or consumed by partners and their families (e.g., corn used for household furnaces). Exclude home gardens if expenses were excluded earlier. Also exclude any commodities provided as payment to household members for farm work reported in Item 29a.

Item 31a – Percentage of Market Value of Products that was Livestock

Of the total amount from Item 31, give a percentage of that amount that was from livestock or livestock products.

Item 32 – Fees Paid for Professional or Farm Management Services

Record the amount of money spent in the reference year by the producers and partners for professional farm management services related to the management of this operation. Report fees paid for accounting, record keeping, tax preparation, planning, or farm product advice.

Exclude fees paid for:

- custom fertilizer, lime and/or soil conditioner applications (include in Item 2)
- custom applications of crop chemicals and pesticides (record in Item 3)
- entomologists, service companies, etc., for pest scouting (record in General Business Expenses, Item 33)

5.9.7 General Business Expenses: Item 33

Show the respondent the list of General Business Expenses in the Respondent Booklet.

These expenses are generally recorded in the “other expense” category of most farm record books (and the 1040F). They are so varied that when you ask the producer for his general business expenses he may say ‘none’ or itemize the ones that come to mind or include previously reported data. To gain some consistency in what is reported here, read the list of the “Includes” below and have the respondent refer to the Respondent Booklet. The purpose of this list is not to have the respondent itemize each expense to the nearest penny but to prompt him/her to consider various categories which define what you mean when you ask for ‘other business expenses’. List the expense items and amounts in the lines. If an individual item is a fairly “large” expenditure, make notes explaining the expense.

Include:

- Travel expenses (such as lodging, meals and parking) associated with purchasing or

selling commodities for farm, association or cooperative business, attending fairs where the respondent's farm products were exhibited and other farm/ranch business

- Postage, telegrams, and faxes for the farm business
- Expenses for title searches, abstracts, recording deeds and mortgages, court costs and other legal expenses for the land operated
- Fees paid to attorneys in connection with the farm/ranch
- Charges for permits and licenses obtained in the reference year for production and marketing of commodities produced on the land operated. **Exclude** quota and allotment purchases and rentals.
- Fees paid on a voluntary basis to marketing associations or government agencies (Federal, State or local) on the basis of sales or production, for the promotion of sales or for other specific purposes
- Registration of purebred animals
- Brand registration fees
- Charges for sales promotion or advertising
- Farm management expenses including books, papers and magazines on subjects related to crop or livestock production, market reports, farm newsletters and Ag bulletins. Report only expenditures for the reference year, even if these cover more than one year.
- Real estate agent commissions and other direct selling or buying expenses
- Garbage collection or dumpster service for barns and farm buildings
- Rental expense for farm office space not on the operation
- Fees paid to entomologists, service companies, etc. for pest scouting
- Fees paid for programs like Boll Weevil Eradication Program (BWEPE) and Pink Bollworm Program (PBWP) if there is one assessment fee (i.e., per-acre) and no additional fees are charged for chemicals. Any additional charges for chemicals should be recorded as chemical expenses.
- Trapping club memberships and dues. (Trapping clubs are formed to trap predator animals such as coyotes.)
- Stall or space rental fees for farmers' markets
- Parcel post expenses or charges for marketing agricultural products
- Purchases of farm office equipment not placed on a depreciation schedule
- Internet fees, including the cost of having and maintaining a webpage
- Loan origination fees
- Payments to Cooperatives Working Together (CWT)

Exclude:

- Wages paid to farm employees (on the payroll) for bookkeeping (exclusively or in addition to other farm work). (WAGES AND SALARIES FOR ALL FARM EMPLOYEES SHOULD BE REPORTED EARLIER IN THIS SECTION.)
- Gasoline and other vehicle operating expenses
- Taxes paid which were levied for general purposes
- Marketing expenses and check-off fees deducted from sales of commodities paid by the producer
- Expenditures for magazine or journal subscriptions for the reference year that were paid in other years
- Purchases of farm office equipment if placed on a depreciation schedule
- Potting soil and topsoil for nursery/greenhouse operations (record in all "Other Expenses" not previously recorded, Item 47)

5.9.8 Marketing Expenses: Item 34

The following instructions should be used when completing information on marketing charges for the sales of crops and livestock. **Include** marketing charges paid for cash and/or contract sales.

Almost all operations that sell commodities as cash sales or under marketing contracts have some marketing charges. These are usually deducted from the gross payment, so the check the farmer receives already has these charges subtracted. Farmers do not generally keep very good records of charges that were already deducted before they received their payment checks. Marketing expenses include check-off fees, drying, commission, ginning, inspection, storage, transportation, and yardage, etc., and are identified on payment vouchers, along with the gross and net receipts. **PROBE TO BE SURE THAT THESE "HIDDEN COSTS" ARE ACCURATELY REPORTED.**

If the respondent reports that no marketing charges were paid, probe by asking if anything was subtracted out of the total price before the buyer wrote the check. If the answer is yes, this usually means marketing charges were paid. Be careful not to include expenses for production inputs or loan re-payments that were netted out of the farmer's check, these are not marketing charges. If an operation sold commodities but truly did not have any marketing charges, make a note of this, or the Regional Survey Statistician may want to call you or your supervisor back to verify the information.

If you absolutely cannot get per commodity charges, record the total quantity (and unit) sold so the survey statistician has something to use for calculating these charges. If you have to use a handout sheet of marketing charge rates (provided by some Regional Field Offices), make a note in the margin so the survey statistician knows the farmer could not supply this information. **DO NOT** use these sheets unless the farmer cannot supply the information.

All marketing expenses paid by the operation for the sale of all commodities produced/sold on this operation in the reference year must be included. All check-off fees, commercial crop drying, sales commission fees, ginning charges, inspection fees, storage fees and expenses (for commodities not stored on-farm), transportation, yardage fees, etc. should be included even if the crop is not yet sold. (However, storage-related expenses such as those for LP gas to run on-farm dryers should be excluded.) If a commodity was not sold from storage, but was returned to the operation, out-of-pocket expenses for storage should be included as a marketing expense.

Share rentals should be considered a payment for the privilege of marketing the crop and should be recorded as a marketing expense. In field crops such as sugarbeets, co-op shares are often rented or leased from producers who do not use their share. It is not necessary to rent land to rent a co-op share. If only land is rented, it should be recorded in Section A. But, if co-op share rents are reported be sure the rent payment reported in Section A is only for land and not for the land and share rental combined.

Perishable products such as fruits, vegetables, and fish often have to be refrigerated or iced during storage or transportation. These expenses should be considered marketing expenses.

When promotion or check-off fees are automatically deducted from gross sales of commodities such as soybeans, cotton, beef, hogs, or milk, the fee is INVOLUNTARILY charged and should be considered a marketing expense. Operations also make voluntary payments for marketing and production programs. VOLUNTARY payments should be recorded under general farm business expenses (Item 33).

Include fees which are deducted from payment even if the producer has the option of applying for a refund (such as a refund from Cotton Incorporated). Refunds of marketing expenses should be included as other farm related income in Section G.

Include unit retains for sugarbeets which are deducted by the co-op or processor from payment even though the producer receives payment from them in future years. Refunds of marketing expenses should be included as Cooperative Patronage Dividends and Refunds in Section G.

Milk & Dairy Products:

Include as a marketing charge the withholding or reduction in price for the Dairy Refund Payment Program. Capital Retains should also be included since they are cooperative profits withheld and refunded in later years. Refunds of these charges should go in Section G.

Exclude milk hauling as a marketing charge. If the hauling charge is netted out in the producer's books, add it back to the total sales value for milk and other dairy products. Be sure to note the hauling expense if it is known at this point and make sure milk hauling charges are included in custom hauling in Item 29a of this section). Also **exclude** Cooperatives Working Together (CWT) payments. This is a voluntary program and not a marketing expense.

Cotton:

The cost of ginning is usually paid by surrendering the cottonseed to the gin. Often neither the ginning expense nor the cottonseed income appears on the farmer's books; however, the value of the cottonseed traded to the gin is technically an income item, and the cost of ginning is a marketing expense to the operation. This information should appear on the operation's statement from the ginning company. You will have to probe for this information. Occasionally, the cost of ginning is more than the value of the seed produced by the cotton. The operation then has out-of-pocket expenses for ginning. If the cost of ginning was less than the value of the cottonseed, the operation should have received money for cottonseed. This info should be in the operation's record books.

5.9.9 Capital Expenses: Items 35-46

Capital expenses are expenditures that are typically placed on a depreciation schedule. These expenditures may include the purchase of new or used tractors or equipment or major repairs, such as installation of a new or overhauled engine, which the producer placed on a depreciation schedule.

Expensing a Major Repair:

In the case of extensive repairs on capital equipment, the enumerator should follow the

same action as the producer did. Even though they are not typical capital purchases, a producer may place a major repair on a depreciation schedule. If a producer places such an expenditure on a depreciation schedule, then it should be recorded as a capital expense. If the producer does not place the expenditure on a depreciation schedule, it should be considered a repair and the value should be recorded in Section H, Item 14.

USDA's capital consumption estimate is a measure of the value of capital items used up each year in the production of commodities and services. To accurately estimate this value, ERS needs to know the full value of capital purchases every year.

Item 35 – Land Improvements

Land improvements are those additions or improvements to the land which change it in a PERMANENT way.

Include:

- Expenses for improvements such as terraces, water and sediment control basins, grassed waterways, ponds, windbreaks, permanent cover, contouring, grading, filter strips, etc.
- Expenses for drainage improvements such as ditches, bedding, shaping, subsurface drain tile, etc.
- Expenses for irrigation improvements such as digging wells or ditches
- Expenses for land leveling (removal of irregularities on the land surface by the use of special equipment for the purpose of improving drainage, achieving more uniform planting depths, more effective use of water and greater efficiency in tillage operations)
- Expenses for corrals, feedlots, feeding floors, trench silos, waste facilities, wells and equipment not for irrigation
- (In western states) capital improvements to grazing land

Exclude:

- Land purchases
- New Irrigation equipment or pumps

Item 36 – New Construction and Remodeling of Farm Buildings, Structures, & Dwellings (excluding the producer's dwelling)

Record expenditures that were paid in the reference year for the construction or remodeling of buildings, structures, or other dwellings. Record these expenditures regardless of whether the construction or remodeling was completed or not. If expenses were paid in the reference year for work completed in prior years, include them in this Item.

Include:

- all costs for new construction or remodeling of houses for hired farm/ranch labor or tenants
- all costs to construct or remodel farm/ranch buildings, storage facilities, sheds, silos, bins, and similar structures

Item 37 – New Construction and Remodeling of Producer's House

Include all costs for new construction or remodeling of the producer's house, if it was owned by the operation. "Owned by the operation" means the house is recorded as an asset in farm record books or deeded as part of the farm.

Item 38 – Cars (Item Codes 816 & 817)

Record the total cost (after trade-ins, rebates and/or discounts have been subtracted) of all the new and used cars bought for use on the operation during the reference year in Item Code 816. The total cost should include the cost of accessories purchased with the vehicle(s), special servicing, delivery charges, dealer preparation, Federal Excise Tax, and sales tax.

If registration and license fees, financing charges and insurance were included in the purchase price, include them unless these fees were separate and itemized on the bill. Itemized financing charges should be recorded in Item 19. Itemized registration and license fees should be recorded in Item 22.

Farm Share Percent—Item Code 817

Often, cars are purchased for both farm and personal (home) use. This question is asked to properly allocate the correct amount of the purchase to the farm. Farm share can be estimated by determining the percent of total use of the vehicle that was for farm/ranch related business. This percentage is the part of total cost of the vehicle that is the basis for claiming the depreciation expense on the operation's tax return. If all of the vehicles purchased in Item 38 are strictly for farm use, record 100 in Item Code 817.

Item 39 – Trucks (Item Codes 818 & 819)

Record the total cost (after trade-ins, rebates and/or discounts have been subtracted) of all the new and used trucks, pick-ups, sport utility vehicles, vans, campers, and buses bought for use on the operation during the reference year in Item Code 818. The total cost should include the cost of accessories purchased with the vehicle(s), special servicing, delivery charges, dealer preparation, Federal Excise Tax, and sales tax.

If registration and license fees, financing charges and insurance were included in the purchase price, include them unless these fees were separate and itemized on the bill. Itemized financing charges should be recorded in Item 19. Itemized registration and license fees should be recorded in Item 22.

Exclude ATVs. ATV expense should be reported Item 40.

Farm Share Percent—Item Code 819

Often, trucks are purchased for both farm and personal (home) use. This question is asked to properly allocate the correct amount of the purchase to the farm. Farm share can be estimated by determining the percent of the total use of the vehicle that was for farm/ranch related business. This percentage is the part of the total cost of the vehicle that is the basis for claiming the depreciation expense on the operation's tax returns. If all of the vehicles purchased in Item 39 are strictly for farm use, record 100 in Item Code 819.

Item 40 – ATVs, Side by Sides, UTVs, etc. (Item codes 814 & 3100)

Record the total purchase price (after any trade-in allowance, rebates, discounts, etc.) of all new and used ATVs, Side by Sides, UTVs, etc. that were bought for use on the operation during the reference year in Item code 3100. The total cost should include the cost of accessories purchased with the vehicle(s), special servicing, delivery charges, dealer preparation, Federal Excise Tax and sales tax. If the respondent's operation bought tractors in partnership with another operation, include only the amount that was this operation's share of the total cost.

Farm Share Percent – Item Code 814

Often, ATVs, Side by Sides, UTVs, etc. are purchased for both farm and personal (home) use. This question is asked to properly allocate the correct amount of the purchase to the farm. Farm share can be estimated by determining the percent of total use of the vehicle that was for farm/ranch related business. This percentage is the part of total cost of the vehicle that is the basis for claiming the depreciation expense on the operation's tax return. If all of the vehicles purchased in Item 40 are strictly for farm use, record 100 in Item Code 814.

Item 41 – Tractors

Record the total purchase price (after any trade-in allowance, rebates, discounts, etc.) of all new and used tractors that were bought during the reference year for use on the operation. If the respondent's operation bought tractors in partnership with another operation, include only the amount that was this operation's share of the tractor's total cost. The total cost should include the cost of accessories bought with the tractor, special servicing, delivery charges, dealer preparation, Federal Excise Tax, and sales tax. Registration and license fees should be included in the purchase price if they were not separated on the bill. If these fees were separate and itemized on the bill, exclude them here and report them in Item 22. Financing charges should be recorded in Item 19.

Item 42 – Self-Propelled Farm Equipment

Record the total purchase price (after any trade-in allowance, rebates, discounts, etc.) of all new and used self-propelled equipment, implements and machinery that were bought during the reference year for use on the operation. If the respondent's operation bought machinery in partnership with another operation, include only the amount that was this operation's share of the machine's total cost. The total cost should include the cost of accessories, special servicing, delivery charges, dealer preparation, Federal Excise Tax and sales tax. Registration and license fees should be included in the purchase price if they were not separated on the bill. If these fees were separate and itemized on the bill, exclude them here and report them in Item 22. Financing charges should be recorded in Item 19.

Item 43 – NON-SELF-PROPELLED Equipment, Implements &/or Machinery Purchased

Record the total purchase price for all non-self-propelled equipment, implements and machinery (after any trade-in allowance, rebates and discounts, etc.) that were bought in the reference year for use on the operation. **Include** purchases of livestock, dairy and poultry equipment, (including calf shelters/hutches), new irrigation equipment and pumps, delivery charges and sales taxes in the net expense. If the respondent's operation bought

machinery in partnership with another operation, include only the amount that was this operation's share of the machine's total cost.

Exclude expenses for equipment purchased for personal or pleasure use such as rodeo equipment.

Item 44 – Office Equipment, Furniture, & Computers

Include all capital purchases (items typically placed on a depreciation schedule) of farm office equipment, furniture, and computers. Any such equipment purchased but not typically placed on a depreciation schedule should be included in Item 33, "General Business Expenses".

Item 45 – Purchase of Farmland & Other Farm Real Estate

For the small number of farms that bought farm real estate during the year, the cost of that acquisition can have a significant impact on the cash available to farm households for consumption or other investment purposes.

Report the number of acres bought during the reference year in Item Code 802

Include only real estate that was added to this farming operation during the year.
Exclude buildings that were purchased separately and moved onto the farm. These should be reported in Item 36.

Report the total cost of the land and buildings acquired.

Example: the operation added an adjoining section of land to this operation during the year, at a cost of \$640,000. The land was worth about \$600,000 and the service buildings on it were valued at \$40,000. The producer paid \$140,000 down and the balance of the purchase was financed by a bank loan of \$500,000. Enter \$640,000 here. The value of the real estate would also be included in Farm Assets – Section I (CRR): the buildings (\$40,000) would be included in Item 1c, and the land (\$600,000) would be included in Item 1f. The loan would be entered in Section J (Farm Debt) with a column coded to indicate that a bank loan was obtained in the reference year to purchase land.

Item 46 – All Other Capital Expenditures

Record the total cost of all other capital items (items placed on a depreciation schedule) purchased by the operation in the reference year. **Include** major repairs. Also include drones.

All Other Expenses: Item 47

Record the total cost of all other FARM SHARE expenses that have not been recorded in Section H. Note in the comment box provided the description of the remaining expenses and the amount of each expense that summed to the total values recorded in Item 47. This is particularly important because items are often miscategorized as All Other Expenses.

Include:

- potting soil or topsoil for nursery/greenhouse operations

- money paid back to the government for government farm program overpayments in previous years. For example, a farmer signs up for a program surrounding a certain field crop. The farmer gets paid \$X in 2024 for either a direct payment or counter-cyclical payment. Market price then goes up and farmer is asked to pay back some or all of the money that they had received in 2024. Conversely, if the operation's payment back to the government was in the same year as the operation received the money, this should be reflected in the income questions in Section G as net income (money received – money paid back).
- donations, for operations which are corporations. If the operation is a sole proprietorship, donations are recorded as a family living expense in Section M.
- expenses used to acquire additional commodity to fulfill marketing contracts if the producer had a bad year
- Investments in cooperatives if the investment was made by the operation and not the producer or producer's household (producer and producer's household investment should be recorded in Section M)
- For agricultural operations which have the same books as a winery, include such items as wine bottles and yeast in this item. If the winery is an entirely separate operation from the farm, include the costs in the net income from operating any other business (Section M).

Landlord Operating Expenses

For items 48 through 53 record how much was spent for each item for this operation by the landlord. Items 48-52 are the most common expenses paid for by landlords. Note that item 53, all other landlord expenses, potentially includes many more expense categories that were listed separately above for expenses paid by producers.

5.10 Section I – Farm Assets & Section J – Farm Debt

What are these Sections for? How is the information used?

Farmers assemble capital assets from several sources. Key sources may include initial and subsequent investments made by farm owner(s), retained earnings from previous production and/or service activities, borrowed funds, or leased inputs such as land, machinery or equipment. Section I gathers information about the assets owned by the operation. Section J covers term debt or notes used to purchase or acquire access to assets used by the farm.

Data from these sections underlie the farm's balance sheet. The balance sheet lists the farm's assets, debt, and owner's equity of the farm at a specific point in time. USDA's accounting procedures set December 31 as the reference date for the farm's balance sheet while the income statement covers the calendar year from January 1 through December 31. The balance sheet is essential for estimating profitability and efficiency of the farm. Aggregate profitability measures combine income statement and balance sheet data in the calculation of rates of return to assets and to equity. Efficiency measures relate output per dollar of assets used in production.

The balance sheet shows the amount of "owned" assets the farm used in producing its crop and livestock commodities--the real estate, equipment, breeding livestock, cooperative investments, and current assets owned by the operation. The owner's equity is equal to total assets of the operation minus any debt that is owed.

The balance sheet excludes assets and debt of agribusiness firms that supply inputs or market, or process farm products and the value of machinery leased to farmers by agribusiness firms. Leased machinery is considered an asset of the service input sector (payments for the flow of services from leased machinery are an expense in the farm income account). However, farm machinery owned by a farm producer and leased or contracted to another producer is part of the balance sheet.

Correspondence between the length of term of loans and the type of assets held is also very important for evaluating the financial position of the farm. If a farm has a large amount of current debt (payable or due in a year or less), but few current assets (such as cash, accounts receivable, or crop or livestock inventories), the farmer could have to liquidate a part of his/her holdings to meet obligations as they come due. This could affect the farm's organization, production decisions, or future profitability. If current debt substantially exceeds current assets, farmers may even have to take "fire sale" prices for assets put on the market to meet obligations. Therefore, the match between types of debt and assets, as well as total debts and assets, are important for evaluating the financial status of farms.

Assets are economic resources that are used up in the production process. Assets expected to be used up or converted to cash within one year of the date of the balance sheet are called "current assets." Examples include cash, financial assets, crop and livestock inventories, purchased inputs, cash invested in growing crops, as well as accounts receivable. All other assets (machinery and equipment, buildings, farmland, breeding livestock, etc.) are classified as long-term assets.

The farm's assets are financed or paid for using either debt or the business owner(s)' own funds (equity). Some farms use no debt while others use a mixture of debt and equity to buy farm assets. Farm operations that report no use of debt tend to be smaller farms as measured by total sales.

Debt data are used to develop indications of debt service charges, which are compared with cash available from the farm business (derived from data in Sections B-H), off-farm income (reported in Section M), and other sources to assess which types of farms may be encountering loan repayment problems due to insufficient income, large debt loads, and/or high interest rates.

Owner's equity is equal to total assets less total debt. Owner's equity is often referred to as "net worth" or "net assets." USDA uses balance sheet and income statement data to develop key indicators of financial health and performance for farm businesses.

These indicators **include**:

- **Solvency** – debts in relation to assets,
- **Liquidity** – money available to pay bills as they come due,
- **Profitability** – the return to management and risk of the farmer in relation to farm assets and equity used in production, and
- **Financial Efficiency** – how effectively the farm uses inputs to produce crops and livestock.

Balance sheets and indicators of farm financial health and performance are reported to the Secretary of Agriculture, other policy officials within USDA, and to Congress. Survey findings are reported for use by the media, farm organizations, and others with an interest in agriculture. Data summaries are also made available to the public through the ARMS data tool located on the Economic Research Service web page.

Value of Farm Assets

On average, land and buildings account for nearly three-fourths of farmers' assets. Dwellings on the farm are also assets of the farm operation. These include the producer's house (when it is owned by the farm and included in the books of the farm) and hired labor and tenant houses.

In addition to land and buildings, balance sheets include a value for machinery and equipment owned by the farm, including cars and trucks. Finally, livestock and crop inventories are a large part of the balance sheet for some farms, particularly grain and livestock farms.

Farmers also operate assets leased or rented from others. ARMS is interested in determining the value of assets managed by the operation. As the only available source, ARMS uses the respondent's estimate of the value of land, machinery and other assets when estimating the total value of assets managed by the operation.

Debt by Lender

These data are used to help establish who is providing funds to meet farmers' borrowing

needs. We ask about the loan balance, interest rate, type of loan (production, non-real estate, real estate loans for the producer's dwelling, or other real estate loans), and the year in which the loan was obtained. These items are used to estimate the farm sector's debt payments that must be met each year.

Many farmers use farm assets as security for loans for a variety of purposes. For each of the five largest loans reported by the producer, we ask what percent of the loan was for operating expenses, capital expenditures, or other expenses of the farm operation. Responses to the primary purpose of the loans provide information about how farm assets are used for farm and family finances.

5.11 Sections I – Farm Assets

5.11.1 General Instructions

This section is different from the sections before it in the questionnaire because most of these questions focus on assets OWNED by the operation. For this section, we define assets of the operation as:

- **For individual or partnership operations:** the assets belong to the operation or to the producer and partners. When the producer and/or partners rent their personal assets to the operation, exclude them as assets in this section.
- **For corporations:** the assets belong to the corporation.

In this section we ask for the producer's estimate of the MARKET VALUE of several types of assets on December 31 of the reference year. Obtain the producer's best estimate of the current market value of specific assets owned by the operation. If operation assets are owned by partners, include the value of assets belonging to all partners (exclude the landlord's share).

If the producer has multiple operations, only account for the assets that belong to the operation identified on the label. Assets belonging to the other operations will be accounted for in Section M. Some producers may use heavy machinery (tractors, planters, combines, etc.) for all their operations. For each piece of heavy machinery, determine which operation it belongs to by determining which operation uses the item most. If the piece of heavy machinery belongs to the operation on the label, account for it in Section I. If it does not belong to the operation on the label, account for it in Section M.

The "fair market value" (market value) is the price for which the land and/or buildings or other assets could be sold under the market conditions existing at the time of the reference date and assuming that willing and financially able buyers and sellers exist and that there are no unusual circumstances such as forced liquidation, shortages, and emergencies.

5.11.2 Value of Land and Buildings Owned: Item 1

Record the market value for land and buildings. It should be based on highest and best use that the land could be sold for, including non-agricultural uses.

This information may not be available in records, but most producers should be aware of the current value of their land and buildings or comparable land and buildings. If loan funds have been obtained for use in the operation, the producer has likely prepared net worth statements for use with his/her lender. The business financial statement would be a source for asset value information.

It is not necessary for the operation to own land in order to own buildings. Operations can own buildings that are permanent structures located on rented or leased land, or they may own mobile homes, shops or offices located on rented or leased land. When this occurs, be sure to include a note in the margin for the survey statistician to review.

Item 1a – Market Value of Producer's Dwelling, if OWNED

Record the market value of the producer's dwelling as of December 31 if it is owned by the operation. "Owned by the operation" means the house is recorded as an asset in farm record books or deeded as part of the farm. This definition is the same used to report expenses, which makes the income statement and the balance sheet consistent.

If the producer cannot give you an estimate of current market value, probe to get values of similar houses, or get the replacement value listed for insurance purposes.

Item 1b – Market Value of All Other Dwellings Owned

Record the market value on December 31 of tenant and hired labor dwellings as well as all other dwellings owned by this operation. This includes houses/dwellings of partners, relatives, etc. The dwellings must be owned by the operation, not by the partner or relative separately from the land in the operation.

Item 1c – All Other Farm Buildings & Structures Owned

Record the market value on December 31 of all other farm buildings owned by the operation including barns, cribs, silos, equipment shops, grain bins, storage sheds and similar type buildings. Exclude processing facilities such as cotton gins, packing sheds, commercial elevator facilities, etc. even if they are owned by and located on the operation, but the books are kept separately. Probe, if necessary, to obtain values, but do not accept "book value" (the original cost of the building minus depreciation).

Item 1d – Orchard Trees, Vines, Nursery Trees, & Trees Grown for Woody Crops

Record the market value on December 31 of trees in orchards, vines in vineyards, other perennials in the field, Christmas trees, and short-term rotation woody crops. **Exclude** uncultivated acreage in timber – this should be recorded with the value of the land in Item 1f.

Item 1e – Oil, Gas, and Mineral Rights

Record the market value on December 31 of natural resources of oil, gas, and mineral rights owned by the operation. **Exclude** production inputs of these resources that will be utilized on the operation. This should be recorded with the value of the inputs in Item 3.

Item 1f – Land Owned

Record the producer's best estimate of the total market value of land OWNED by the operation on December 31. This should correspond to the acres owned reported in Section A, Item 1.

Include the value of land rented to others, plus any water rights, permanently installed

irrigation equipment, frost protection systems, grazing permits, uncultivated timber, etc., that go with the land. Verify with the producer that the average value per acre is reasonable for the area by dividing the amount reported by the number of acres owned. Make a note if very high or very low.

Exclude the value of dwellings, buildings and structures, trees in orchards, vines in vineyards, other perennials in the field, Christmas trees, trees cultivated for woody crops, and the value of water rights if they were sold.

5.11.3 Value of Trucks, Tractors, Machinery, and Stocks: Item 2

Item 2a – Trucks & Cars Owned

Record the end-of-year (December 31) estimate of the market value of the farm share of trucks and cars owned by the operation.

Item 2b – Tractors, Machinery, Tools & Equipment Owned

Record the end-of-year (December 31) estimate of the market value of the farm share of tractors, machinery, tools, equipment, and implements owned by the operation. Prices of machinery, equipment and implements change over time. Reflect these changes in determining the current market value by using prices that would be received for a similar item if traded or sold in the used equipment market.

Item 2c – Stock in Cooperatives & Farm Credit System

Record the value on December 31, of the stock the operation owns in the Farm Credit System and all other farm cooperatives. Be sure to include the value of shares received during the year in lieu of dividends.

As a condition of obtaining a loan, the Farm Credit System may have requirements for a borrower to purchase stock in the Farm Credit System. The value of the stock is reported here.

Ag Credit Act of 1987 created Farm Mac and allowed PCAs (Production Credit Associations) and FLBAs (Federal Land Bank Associations) in same territory to merge into a new entity, the ACA (Agricultural Credit Association). Federal Land Credit Associations (FLCAs) were established as direct lenders making long-term mortgage loans. The FLCAs make real estate mortgage loans, including rural residential real estate loans. ACAs may, directly or through their subsidiaries, make real estate mortgage loans, production and intermediate-term loans, agribusiness loans (processing and marketing loans, and certain farm-related business loans) and rural residential real estate loans. These retail loans are made to farmers, ranchers, producers or harvesters of aquatic products, farm-related businesses and rural homeowners.

As of December 31, 2017, the Farm Credit System (FCS) had, for the purpose of making retail loans to farmers and ranchers, 68 ACAs with PCA subsidiaries and FLCA subsidiaries, and one FLCA.

5.11.4 Value of Beginning/End of Year Inventories: Item 3

We must account for changes in inventories between January 1 and December 31 of the reference year if we are to accurately measure net farm income. A portion of cash sales in any year may come from commodities produced in prior years, and carried into the reference year as inventory. Some of this year's production may remain in inventory at the end of the year.

Accurately measuring net farm income to reflect this year's production must account for changes in inventory levels between January 1 and December 31. For that reason, we ask beginning and ending inventory values for crops, livestock, and production inputs. Obtaining estimates of the value of assets such as stored crops, livestock, and inputs on January 1 and December 31 is critical to development of accurate estimates of profitability for farms. The change in input inventories is important to calculate the balance sheet, which is the wealth of the farm and an indicator of profitability.

There are three main criteria you should guide the respondent toward considering in providing answers to beginning or ending year inventory values:

- 1) the types of commodities or production inputs
- 2) the quantity of each type on hand at the beginning and end of the year
- 3) their market prices on the two dates in question (BOY and EOY)

The most accurate figures would be obtained if we collected all these pieces. This may not be possible; thus, it is acceptable for you to get the producer's best estimate of the market value of commodities or production inputs on hand at the beginning and the end of the year. Still, ask the respondent to think about differences in the quantity of crops, livestock or inputs on hand in January and December (for example if more crops were stored, or crops were sold, or inputs were purchased or used up in production) and prices that could have been received for the commodities in January versus December and the prices that would have been paid for inputs on hand.

If the producer says the market values were the same, YOU MUST PROBE for the commodity/input types, the quantity, livestock weights, and the market price on the date in question. This will ensure as accurate figures as possible. If the respondent says values were the same even after probing for additional information, make good notes of the reason why they were the same so the survey statistician understands the situation and will be in position to write a good explanatory comment.

The value of commodities held in inventory relate to the figures reported earlier in the questionnaire for crop production (but crops can be stored for several years and inventories may include previous year's production), the amount (of crops) used on farm, or the quantity (of livestock) sold, and the sales data reported in Sections B-E. If the commodity was produced in the reference year (or if livestock was bought in the reference year – see reporting of livestock purchases in Section H) but not sold or used on farm, it should be in ending inventory and its value would be recorded here.

In most cases, the value of commodities or production inputs on hand at the beginning of the year should not equal their value at the end of the year. Many farms operate in the same production and sales pattern each year. It is likely they will have crops on hand in January from the previous year that then are sold in the current year and crops

on hand from the current year's production on December 31. After finding out the value at the end of the year, you should ask about the value at the beginning of the year. Do not say, "Was it (about) the same?" or "It was about the same, was it not?" Instead, probe for changes in quantities on hand, for prices for which commodities could have been sold, or for prices that would have been paid for inputs bought for farm use.

Item 3a – Value of CROPS Owned

Record the producer's best estimate of both the beginning of year and end of year market value of all crops stored on or off the operation. Be sure to consider the quantity on hand and market prices on the date in question. **Include** all types of crops including those for which there are Government programs as well as non-program crops.

Include the value of:

- all crops owned by the operation whether stored on or off the operation
- hay and silage crops
- crops produced in the current and earlier years stored in whole (original) form
- mature standing crops not harvested by December 31 due to weather or market conditions. This is an "alternate storage issue" and an estimated value for these crops should be recorded if they were originally intended for harvest as of December 31.
- crops (in whole form) to be used for feed, seed, sales, etc.
- all whole grains on hand
- all crops purchased in whole form
- crops owned by the operation which were produced under a contract but not removed as of December 31
- crops in storage which had been redeemed from CCC loan as of December 31
- nursery and greenhouse products in saleable condition

Exclude the value of:

- crops still under CCC loans. Exclude the crop only if it was placed under loan and was still under loan on either of the reference dates of January 1 or December 31 of the reference year
- feed items such as cracked corn, rolled oats, etc. (record under production inputs Item 3d)
- growing crops
- Exclude crops that were sold and are already recorded as receivable income in Section G because the revenue was deferred.

Items 3 (b & c) – Value of Livestock Owned

Record a total value for beginning-of-year (BOY) and the end-of-year (EOY) inventory for livestock.

For livestock, you also need to consider their weights or size on January 1 to get the market value of the beginning-of-year inventory and on December 31 to get the market value of the end-of-year inventory. It is highly unlikely that all of these things are the same at the end of the year as they were at the beginning of the year. The number of head and the number owned on December 31 were reported in Section C. Use the responses to items in these sections to obtain end-of-year values.

Beginning-of-year values should be in comparison to the end-of-year values. For example, number of head may be different, or prices may be different, or weights of the animals may be different on the two reference dates. Changes in any one of these items between January 1 and December 31 would result in inventory values being different in December than they were in January.

Include the value of:

- all animals held for resale
- beef and dairy cows, bulls, steers, heifers, calves, and any other cattle
- hogs and pigs
- sheep and lambs
- horses, ponies, and mules
- goats
- chickens, ducks, geese, guineas, pigeons, etc.
- fur bearing animals
- catfish, crawfish, and other fish
- bees
- other specialty livestock

Exclude the value of:

- livestock on hand not owned by the operation
- animals owned for pleasure use only (except equine)
- livestock owned by this operation, but being produced by another operation (grown by others) under contract. The value of these animals is collected in Section D and are “in the fence”.

Item 3b – Breeding Livestock

Record the producer's best estimate of both the beginning-of-year and end-of-year market value for all breeding livestock (including dairy animals) and poultry owned by, and located on or off, the operation. **Exclude** breeding livestock being produced on another operation under contract. The value of these animals is collected in Section D and are “in the fence”.

Be sure to consider the quantity on hand, their size or weights, and the market prices on the date in question. Breeding livestock animals are considered non-current assets on an operation's balance sheet. They reflect a long term investment.

The number of head on hand as well as owned on December 31 was reported in Section C. For the end-of-year value, ask the respondent about January 1 values, multiply by the EOY inventory, and keep in mind changes in numbers, weights, and prices.

Item 3c – Value of Non-Breeding Livestock Owned

Record the producer's best estimate of both the beginning-of-year and end-of-year market value for all non-breeding livestock (including dairy animals) and poultry owned by, and located on or off, the operation.

For livestock, compare BOY and EOY, as you consider animal weights, size, or age on January 1 and December 31 and get the market value for each date. It is highly unlikely that these values will be the identical. Be sure to consider the quantity on hand, their size or weights, and the market prices on the date in question. Non-breeding livestock (calves, heifers, and steers) held in inventory for sale within the next year are considered current assets on an operation's balance sheet.

You can use the number of head, and the number owned on December 31 were reported in Section C and multiply by the weight and/or price. But you will have to rely on the respondent to supply information for BOY values.

Item 3d – Value of Production Inputs Owned

Record the producer's best estimate of both the beginning-of-year and end-of-year market value of inputs owned by this operation. **Include** such things as processed feed, fertilizer, chemicals, fuels, purchased seed and other supplies, etc. **Exclude** the value of any items that should be reported in Item 3a (hay, crops to be used for seed, etc.) Do not include fertilizers and chemicals already applied (record in Item 3e).

Prices of many inputs such as fuel and fertilizer could have changed during the year. An estimate of the quantity on hand on January 1 and price paid at that time and the quantity and price at year end will likely result in the value of inventory being different for these two time periods. The change in the value in input inventory on hand will be very important in helping put production costs into perspective and in helping explain estimates of net farm income for farm businesses. Sometimes these assets can vary greatly due to pre-purchases for next year.

Item 3e – Production Inputs Already Used for Crops or Livestock (Sunk Costs) or Value of Inputs Used for Production Contracts yet to be Delivered

Why do we ask this question?

Growing crops represent a substantial investment and have a significant impact on a farmer's balance sheet. As purchases of fertilizer, seed, herbicide, gas, labor, etc. are made and the resources used, either cash is diminished, or liabilities are increased. These kinds of changes by themselves can affect how current assets of the farm are viewed relative to debts owed by the operation. It is important that an asset value still be shown. One method is to assume these cash inputs transformed into growing crops, do in fact have a value; that is, someone would pay to acquire such resources during the year. For a December 31 balance sheet and a winter wheat crop, this means a value should be placed on the growing crop. Since the actual market value is hard to determine, actual cash invested in the crop is used as the balance sheet value.

Record the amount spent up through December 31 for physical production inputs (seeds, fertilizers, pesticides, etc.) for all cover crops and crops planted but not harvested as of that date. Also include the amount spent for fertilizers and pesticides already applied to benefit a crop that had not been planted yet as of December 31. This is important because the cost of the fertilizers and/or pesticides applied prior to December 31 would be considered an expense of the farm and would reduce net income from a cash perspective. Recording the value of the inputs applied as an asset would be reflected in the balance sheet and in the change in asset values that is included in the estimate of overall net income and profitability of the farm.

Sunk Costs and Production Contracts

If the producer has a production contract and is still completing the growing cycle for that commodity on either January 1 or December 31 there will be sunk costs that would be reported in this question. If the producer has a production contract in Section E and non-owned livestock on the operation on December 31 in Section C, there will be sunk costs that would be reported in this question. The sunk costs for this operation (who is a contractee) is the money that the operation has already spent (and not been reimbursed) for the contract livestock or vegetables that are growing on the operation on the reference date that have not been reimbursed.

The respondent should report the sunk costs for the non-owned livestock or vegetables on the operation on December 31 (livestock from Section C) in the December 31 column. If the respondent had non-owned livestock or vegetables on the operation on January 1 the sunk costs associated with those commodities should be reported in the January 1 column.

These sunk cost values need to be accounted for to get a more accurate picture of how the farm is doing economically. If they are not accounted for, there will be expenses in the reference year with no corresponding income or potential income (recorded as an asset).

Include the value of inputs already applied to:

- winter or spring grain crops which had been planted by December 31
- feed, labor, fees, etc. used on farms with crop or livestock production contracts for non-owned commodities
- nursery crops
- greenhouse crops
- mushrooms, fruit, or vegetable crops
- cover crops
- material applied to the land to benefit a crop to be planted after December 31

Exclude the value of inputs to:

- crops already harvested and on hand (these crop values should be recorded in Item 3a)
- crops such as Christmas trees, fruit trees, etc. where the value of the crop is included in the value of the land in Item 1 above
- mature standing crops not harvested by December 31 due to weather or market conditions. This is an “alternate storage issue” and an estimated value for these crops should be recorded in Item 3a if they were originally intended for harvest as of December 31

Sunk Costs for Processed Vegetables Operations:

Can be reported by recording either:

- the percentage of the fee due for the processed vegetables not yet harvested and removed based on time on the operation from placement to the reference date.
- the value of utilities, labor, fuel, and other expenses utilized. Keep in mind that the contractor typically provides the seed, fertilizer, and chemicals. In this case, seed, fertilizer, and chemicals would not be accounted for here as the contractee does

not pay for it.

Sunk Costs for Feedlots:

Can be reported by recording either:

- The value of net weight gain (portion of feed, fees, etc. not yet recovered from the contractor) for fed cattle not yet removed from the feedlot.
- the value of feed, vet care, labor, fuel, and other expenses utilized for fed cattle not yet moved from the feedlot, or

Sunk Costs for Broilers & Hogs:

Can be reported by recording either:

- the percentage of the fee due for the broilers or hogs not yet removed based on time on the operation from placement to the reference date.
- the value of utilities, labor, fuel, and other expenses utilized. Keep in mind that the contractor typically delivers the feed, vet, and sometimes bedding to the farm. In this case, feed, vet, and bedding would not be accounted for here as the contractee does not pay for it.

Other Farm Assets: Item 4

Record the producer's best estimate of the market value of all other assets of the farm/ranch. These can be known as "Liquid Assets".

Almost every producer should have some other farm assets!!

Include the value of:

- cash, bonds, certificates of deposit, savings and checking accounts belonging to the operation
- hedging account balances
- government payments due
- balance of land contract sales
- money owed to the operation (other than that reported in Section F, Accounts Receivable/Deferred Payments)
- quotas and allotments owned by the operation, if these values are not reflected in the land values reported in Item 1
- livestock products stored on the operation, but not yet sold (ex: milk before hauling)
- money owed to this operation (except money owed from commodity sales and eggs still on the operation)

Exclude the value of:

- assets for which values were obtained earlier in the questionnaire
- personal assets (record in Section M (CRR))
- personal debt owed to the producer

5.12 Section J – Farm Debt

Farmers use debt to help obtain assets used by the operation to produce crops or livestock or to provide a range of business services such as custom work, recreational activities, or livestock grazing. Estimates of debt are used to measure how solvent the business is (debt/assets) at a point in time. Estimates of debt are also used to develop estimates of interest and principal that have to be paid that can be compared with income earned by the farm (reported in earlier Sections of the questionnaire). Debt service needs relative to income earned is used to prepare measures of financial position reported by USDA for U.S. farms.

All farm household and business debt should be recorded in either Farm Debt (this section) or in the Farm Producer Household Section – Section M – and recorded only once. Loans used for both farm and household purposes should be reported in this section, Farm Debt, and not in the Farm Producer Household Section. This section is organized to reflect farmers' use of debt in their businesses. The organization of this section is intended to provide the large share of respondents who do not report use of term debt or notes from creditors a more streamlined interview.

If the producer has multiple operations, only account for the debt that belongs to the operation identified on the label (there should be assets for these items in the Farm Assets section – Section I – and expenditures for inputs and/or capital purchases in this, the Farm Debt section). Debt belonging to the other operations will be accounted for in the Farm Producer Household Section – Section M. For example, some producers may use heavy machinery (tractors, planters, combines, etc.) for all their operations. For each piece of heavy machinery, determine which operation it belongs to by determining which operation uses the item most. If the heavy machinery belongs to the operation on the label, account for its debt in this Farm Debt section. (Using the same guideline, asset values will have been included in the Farm Assets section). If the heavy machinery does not belong to the operation on the label, account for its debt in the Farm Producer Household Section – Section M.

Item 1 – Debt Use

This is a screening question to determine if debt was used at any time during the reference year.

Include:

- 1) Any debt that was obtained from earlier years and was not paid off by January 1 of the reference year
- 2) Any amounts used from established lines of credit
- 3) Loans taken out in the reference year and repaid in the reference year
- 4) Loans taken out in the reference year and not fully repaid in the reference year

If debt was used at any time during the reference year, check “Yes” for Item 1, and continue with question 2. If debt was not used at all during the year, check “No” for Item 1, then go to Item 5.

Item 2 – Loans Taken Out & Repaid in the reference year

This item includes only loans taken out and entirely or partially repaid during the

reference year. These types of loans typically include operating loans and lines of credit. For example, if an operation took out a \$100,000 operating loan and had repaid all but \$20,000 by the end of the year, record \$80,000 in Item 2 as the loan amount taken out and repaid during the year. Record the remaining \$20,000 debt balance in the Item 3 table.

Loans acquired through access to "lines of credit" require a special treatment, and if used are included in Item 2. If the operation used a \$100,000 line of credit at any point during the year but did not have an outstanding balance at the end of the year, they would report \$100,000 in Item 2 and report nothing in Item 3. Alternatively, any outstanding balance on December 31 would be reported in Item 3 following the same instruction as provided for the above example.

Responses to this question helps us gauge the share of farms that use debt during the year, as well as their interest expenses paid by the operation.

5.12.1 Debt by Lender Table: Item 3

If the operation had debt at the end of the reference year, the table in this item must be completed. **Include** debt on the producer's house only if it was owned by the operation. Refer to Section I, Item 1a to determine if the producer's house was owned by the operation and included in assets. Record line of credit balances outstanding at the end of the year in the same manner as any other conventional loans.

Start completing the table by asking about the largest loan. Work down the rows in the table for each loan, **starting with the largest loan owed** and working down to the smallest loan owed, for up to five loans.

Some debt may be used for both farm and household purposes. For example, the proceeds of a loan may be used in part to remodel a kitchen that is not part of the farm operation, and in part to purchase equipment used on the farm. Report such loans in this section and report the percentage of the loan balance used for the farm business in column 8. Do not report such loans in Household Income, Assets, & Debt: Section M.

Be sure the respondent **excludes** debt entirely for non-farm purposes even if the loan was secured by the operation's assets. For example, a loan for a child's education with the farm as collateral would NOT be reported in this Section. The amount of this off-farm debt secured by farm assets is to be reported in Section M, Item 4. **Exclude** Payroll Protection Program (PPP) loans or grants and CCC commodity loans.

Include all other debt owed by the farm that is secured by farm assets. **Include** Economic Injury Disaster Loans (EIDL).

Note: If the respondent has more than 5 loans and is willing to provide all the information (see columns 1-8) on all the loans, please record this information on a separate sheet. Item 4 also records this information at a summary level. The information on the separate sheet of paper should equal the summary level information in Item 4.

3. To estimate the financial position of farms correctly and their ability to service debt and to categorize debt by types, we need to list loans this operation had on December 31, 2024, including any line of credit. INCLUDE farm/ranch loans, debt on the producer's house if owned by the operation, Economic Injury Disaster Loans (EIDL), and multi-purpose loans used for both farm and non-farm purposes. EXCLUDE CCC commodity loans and any loans used exclusively for non-farm purposes.

Lender Codes (Column 1)		Lender Codes (Column 1) (continued)		Loan Type Codes (Column 5)	
Lender	Code	Lender	Code	Type	Code
FARM CREDIT SYSTEM	1	Contractor	9	One year or less production or other loans	1
USDA Farm Service Agency (FSA)	2	Individuals	10	Non-real estate loan more than one year	2
Small Business Administration (SBA)	3	Credit Union	11	Real estate loans more than one year EXCLUDE producer's house	3
State & county government lending agencies	4	Any other lenders	12	Real estate loan more than one year only for the producer's house	4
Savings and loan associations, residential mortgage lenders	5	Credit cards	13		
Commercial banks	6	Other debts (such as unpaid bills, etc.)	14		
Life insurance companies	7				
Trade credit, including input suppliers, implement dealer, co-ops and other merchants	8				

1	2	3	4	5	6	7	8
Who is the lender?	What was the balance owed on January 1, 2024 INCLUDING outstanding principal plus unpaid interest?	What was the balance owed on Dec. 31, 2024 INCLUDING outstanding principal plus unpaid interest?	What was the interest rate on Dec. 31, 2024? [Report in hundredths of a percent. Example: 9% = 09.00]	What is the type of loan? [From Loan Type Codes Above.]	What year was it obtained? [For refinanced loans, report year refinanced]	What is the original term of the loan? (Number of Years)	What percentage is for expenses of running this farm operation? (Percent)
(Code)	(Dollars)	(Dollars)	(Percent)	(Code)	(Year) (YYYY)		
1001	1050	1002	1003	1004	1005	1008	1006
	\$.00	\$.00	. .				%

Column 1 – Lender

Refer the respondent (and yourself) to the list of Lender Codes above the Item 3 table on the questionnaire.

There is no need for the respondent to report specific firms or persons with whom he/she has loans, such as 'First State Bank of Iowa' or 'my mother-in-law'. By encouraging the respondents to look at the questionnaire, you are assuring them your interests are in obtaining what types of loans are typical in their state, not where they personally have obtained loans to finance their operations. Typically, lenders will be grouped to provide reports by lending institutions, trade creditors, individuals, etc.

Enter the Code for the lender type from whom the operation obtained a loan. If more than one loan is owed to the same lender, record the loans separately if possible.

Report as Farm Credit System debt (Code 1) any loans from a Farm Credit Bank, Agricultural Credit Bank, Agricultural Credit Association, Federal Land Credit Association, or any other organizations through which Farm Credit System loans are made.

USDA's Farm Service Agency (FSA) has taken over the lending functions of the former Farmers Home Administration (FmHA). FSA provides credit to farm producers through direct loans and through guarantees of loans made by private lenders. Use Code 2 only for direct loans made by the former FmHA and/or the new FSA. For loans made through private lenders but guaranteed by FSA, use other Codes, such as 5, 6, and 7, etc.

Exclude loans borrowed against the cash value of life insurance policies from Code 7. Record these type loans under "any other lenders", Code 12.

Report as contractor debt (Code 9) any loans from corporations, cooperatives, partnerships, individuals, or other organizations for which this operation produces or markets any commodity or product under contract. Poultry and other livestock contractors may provide financing for the construction of facilities and for the purchase of feed and other inputs. Similarly, fruit and vegetable processors may finance seed, specialized machinery, and packing and on-farm processing facilities for producers who grow for them under contract.

For Code 9, lenders are individuals. Code 9 includes individuals from whom land in the operation was bought under a mortgage or deed of trust and title to the land transfers immediately. It also includes individuals from whom land in the operation was bought under a land purchase contract and title to the land transfers after a specified portion of the purchase price has been paid, or after a certain amount of time has passed.

Report credit card debt (Code 13) only for credit card balances outstanding at the end of the year. The farm press frequently reports on the dangers farmers face in charging feed, seed, and other inputs on credit cards to gain frequent flier miles and other affinity program benefits, with the intention of refinancing these purchases during the credit card grace period. **Exclude** credit card purchases that were paid from an equity credit line or rolled into other debt before the end of the year. The balance owed to the bank, or other lender, should be reported in the table instead. **Exclude** any outstanding credit card balances not related to the operation of the farm business.

If a loan is known to be held by Farmer Mac enter the amount using code 12. Farmer Mac guarantees the timely payment of principal and interest on securities backed by qualified loans or guaranteed portions, and either retains those securities in its portfolio or sells them in the secondary capital markets. Securities retained in the Farmer Mac portfolio and serviced by the institution are not reported by originating lenders who no longer hold the debt.

In the United States, credit unions are not-for-profit organizations that exist to serve their members rather than to maximize corporate profits. Like banks, credit unions accept deposits and make loans. Credit unions have expanded membership in recent years and become an attractive alternative lender for both mortgages and vehicles. Report loan activity with credit unions using code 11.

Include as other debts (Code 14) the farm share of all unpaid bills. Unpaid bills are a current liability of the farm operation.

Columns 2 & 3 – Balance Owed on January 1 and December 31

Record the beginning and end-of-year balance remaining to be paid. **Include** both principal and unpaid interest which was delinquent. Obtaining an accurate estimate of the balance that farmers owe on any loans taken to acquire assets is critically important. The amount of debt owed by farmers helps drive the development of financial indicators and perspectives about the financial health of farm businesses. Reported debt, for example, forms the numerator of the debt-to-asset ratio developed for farms. Reported debt is also used to assess the capital structure of farms, indicating what portion of assets is owned by the farm family and what share is owned by creditors.

Include any interest which was unpaid and/or delinquent. **Exclude** any “future” interest that will be owed and accrued interest that was not delinquent.

Column 4 – Interest Rate

Enter the interest rate associated with the loan balance recorded in Column 3. Rates should be entered to the nearest basis point (hundredth of a percent), such as 10.25, 9.50, 8.00 or 6.75 percent. You can have debt recorded with a zero percent interest rate if no interest is charged. This is most common with very short-term debt, although it is sometimes found with debt owed to family members. Write a note of explanation whenever the interest rate is zero.

Column 5 – Loan Type

Select one of the 4 choices in the “Loan Types” list above the Item 3 table on the questionnaire that best describes the type of loan that the respondent has. Line of credit balances will most often be designated as “production loans” but in some cases may be included as non-real estate or real estate loans.

Production loans refer to seasonal loans that farmers typically borrow to finance the production of a commodity, and repay when the commodity is sold.

Non-real estate loans (longer than one year) refer to machinery, equipment, and breeding livestock loans that the farmer will repay over a number of years.

Use code 3 for real estate loans over one year, which are for loans secured by farmland. These loans may be for any purpose, but typically are repaid over a period of 10-20 years.

Select code 4 for real estate loans over one year in the form of mortgages only for the producer's dwelling, provided the dwelling is owned by the farm operation. If the dwelling is included in loans reported, the amount of debt associated with the dwelling should also be reported in Item 4.

To help respondents who may not know, the first determination for loan type is whether a loan is a real estate loan or a non-real estate loan. This determination should be based on whether or not there is a mortgage. The determination between non-real estate and production loans should be based on length of loan. Loans 12 months or more should be classified non-real estate (code 2) and those less than 12 months as production/operating loans (code 1).

Column 6 – Year Loan was Obtained

If the loan has never been refinanced, enter the 4-digit year the loan was obtained. If the original loan was refinanced, record the year in which it was refinanced.

Column 7 – Original Term of Loan

If the loan has never been refinanced, record the original term of the loan. If the original loan was refinanced, record the number of years for which it was refinanced. If less than a year is owed on any loan, round up to 1 year.

Column 8 – Percent for FARM Expenditures

If the loan was obtained entirely for farm expenditures, this item should be 100. If part of the loan was used for non-farm purposes, enter the percent of the original loan which was used for operating expenses, capital expenditures or other expenses of the farm operation.

Reminder: If the respondent attempts to report zero percent for a loan in this table, verify if the loan is actually for farm expenditures. If no part of the loan is for farm purposes, the entire loan should be removed from the table.

Item 4 – Outstanding Balance of Additional Loans

Space is provided to record details for up to five loans in the Item 3 table. If the operation had more than five loans with balances outstanding at the end of the reference year, enter the total dollar amount owed on loans in addition to the five identified in the table.

5.13 Personal Characteristics and Farm Management, Type of Organization, & Farm Producer Household – Sections K, L, & M

Sections K, L, and M request information on producer household characteristics, farm business strategies, farm business organization, and producer household incomes. Information on the economic well-being of farm households is needed to evaluate the effects of current and proposed policies that affect farms and rural areas. The questions in these sections request information on the relationships between farm people and their farms. No other source of data is available to illustrate how the financial situation of the farm and farm household varies among producers and households. These sections provide data to identify the farm's management, including whether decisions are made by one person or a team.

A key function of management is planning: how the farm will be organized; what to produce and how to produce it; what types of equipment to use; whether to hire labor; and how to market commodities or products produced on the farm. A key to farm competitiveness is the adoption and use of cost-effective practices by producers.

It is well known that many producers and household members work off-farm. Section M provides information on off-farm incomes. This allows us to develop a key economic indicator--the level and source of household income from all sources, farm and non-farm. The estimate is also used to help determine the debt repayment capability of farmers, considering both the amount of debt owed to all lenders and income from all sources.

The economic well-being of farm households is affected not only by income from all sources (farm and non-farm) but also by the debt they owe and whether income can adequately support the basic needs of the farm household without having to draw down assets or sell the farm or a part of the farm. We combine off-farm income, household asset, and debt data in Section M with farm business income and balance sheet data from Sections A through J to assess the economic well-being of farm households.

Information is collected on the assets and debt of a household operating the farm, which are not connected to the farm business. Non-farm assets and debt affect the economic well-being of the farm household. Non-farm debt must be paid from the farm household's income. The household's overall financial status depends in part on non-farm assets and non-farm debt. Moreover, farmers can decide to use farm business assets as collateral for non-farm loans, and they can use non-farm income and assets to acquire farm business assets and to pay expenses for the farm. Thus, a full understanding of financial health of farms in today's agriculture requires information on the finances of both the farm business and farm household.

Some farms support more than one family. Income sharing among partnerships and farm corporations are obvious, but income generated from farms operated as individual proprietorships may also go to support multiple households. As a result, it is not accurate to assume that all of the farm business income goes to the farm producer household. Instead, we estimate the producer household's share of net farm income, by asking how many other households shared in the net income of the farm operation and the percentage of the net income received by the producer's household.

Knowledge of age, gender, education, ethnicity, race, and major occupation from Section K,

helps USDA determine how farm household well-being varies across different demographic groups, and the extent to which different groups participate in farming. USDA now has programs targeted to beginning farmers and ranchers and so knowledge of when a farmer began farming, reported in Section K, helps USDA know more about the target population.

Data on household expenditures (Section M) are used for important purposes including:

- 1) For inclusion into the Indexes of Prices Paid.
- 2) To estimate farmers' debt repayment capacity (family living expenses are deducted from net income to determine how much is left over to replace equipment and to repay outstanding debt).
- 3) To understand the relationship between household income and family living expenses as well as how farm families adjust to changes in prices received for crops and livestock, in production, and in the costs for inputs such as fertilizer, fuel, and labor.

5.14 Section K – Personal Characteristics and Farm Management

Producers are those persons responsible for the day-to-day management decisions for this operation, including hired managers. In the event there is more than one person involved in the day-to-day decisions, four columns have been provided to record the names and characteristics of up to four producers.

Item 1 – Men and women involved in decisions

Report how many men and women were involved in the day-to-day decisions for this operation.

Exclude hired workers unless they were a hired manager or a family member who was also a producer.

Item 2 – Characteristics

Respond for up to four producers in the columns provided. Respond to each item for each producer. If there were more than four producers, identify the four most senior producers in the columns.

Item 2a – Name

Identify the producer(s). Print the name(s) of the producer(s) in the response area.

Item 2b – Person(s) completing this form

Report “Yes” or “No” as to whether the person listed in the column completed the report.

Item 2c – Sex of producer

Indicate if the producer listed at the top of the column is male or female.

Item 2d – Age

Report the age of the producer listed at the top of the column on December 31, 2024.

Item 2e – Race and/or ethnicity

Mark one or more race or ethnicity categories to indicate what the producer listed at the top of the column considers himself/herself to be.

Item 2f – Highest level of formal education

Check the box representing the highest level of school completed by the producer listed at the top of the column. Vocational school, secretarial school, etc. should not be counted as formal education unless the credits can be transferred to a college or university. Respondents holding a B.S. or B.A. degree are considered a 4-year college graduate and should be coded “4”. An associate degree should be coded as a “3”.

Item 2g - Occupation at which the producer spent a majority of his/her worktime in 2024

If the producer listed at the top of the column spent the majority (more than 50 percent) of his/her work time farming or ranching on this operation in 2024, mark the "Farm or ranch work" box. The "Work other than farming or ranching" box should be marked for producers spending 50 percent or less of their worktime in farming or ranching operations, including those working off-farm or who are not in the workforce.

Item 2h – Retired from farming or ranching

Mark whether the producer considers himself/herself to be retired from farming or ranching.

Item 2i – Year began to operate ANY operation

Report the first year the producer listed at the top of the column began to operate ANY farm operation.

Item 2j – Number of people living in household

Mark the number of people living in the household of the producer listed at the top of the column during 2024. For columns 2-4, mark "0" if that person was counted in a previous column.

Item 3 – Principal producer

Of the persons listed in columns 1-4, enter the number of the person who is most responsible for decisions on this operation. For the remainder of the questionnaire, all references to the "principal producer" will be to this person.

Item 4 – Principal producer's spouse

If the principal producer had a spouse at any point in 2024, mark "Yes" and continue. Otherwise, mark "No" and go to Item 10.

Item 5 – Spouse already listed

If the principal producer's spouse is already listed in columns 1-4 above, mark "Yes", enter the number of the column containing the principal producer's spouse in Item 5a, and go to question 10. If not, mark "No" and complete Items 6-9.

Items 6-8 Spouse characteristics

These items are the same as Items 2d-f earlier in this section.

Item 9 – Does spouse make decisions

If the principal producer's spouse makes decisions for this operation, mark "Yes". Otherwise, mark "No".

5.14.1 Labor: Items 10-12

These items record the hours of labor used in farming and provide the information (1) to estimate the labor required to produce agricultural products, (2) to study the effects of agricultural policy changes, and (3) to measure the well-being of farm households. The data obtained from these questions are the only information about the total hours worked on the farm, whether paid or unpaid, collected on an annual basis.

Labor Used in Agriculture:

Labor is an important input in agriculture. About half of the labor used in agriculture is provided by farm producers and their families. Most of the time farm families do not pay themselves a wage or salary. The collection of this data pictures how respondents use their time and allows for an estimate of the cost of using it in the production of agricultural products. Regardless of who is providing labor, the producer's family or others, the labor hours could be either paid or unpaid. Labor expenses associated with hired labor are reported in Section H.

Policy Analysis:

Information on how labor is allocated is also used to study the effects of different policies. Policy changes can affect how much agricultural output is produced and the supply of product affects the prices farmers receive for their product. One way in which policies affect agricultural output is through their effects on how farm families spend their time.

Farm Household Well-Being:

Farm families can allocate their time to a variety of activities, some of which earn them income and some of which do not. In addition to working on the farm, the majority of farm families have someone in the household who also works off the farm. Since most of the income of most of the farm families comes from working off the farm, knowing both where families spend their time and where they earn their income provides policy makers and others with an understanding of the returns to farming compared to other activities of the household and leads to a better understanding of the well-being of farm households.

Item 10a – Producer Hours of Farm/Ranch Work

Ask the respondent to report the principal producer's average hours per week working on the farm/ranch, for the four different 3-month periods. The respondent should be able to approximate the average number of hours per week in each quarter because the quarters roughly correspond to the four seasons.

These items should be recorded for the principal producer, whether he/she is a hired manager or not. Record all of the hours of farm work, even for those who only work for a few hours a week on the farm (bookkeeping, running errands, etc.). **Include** all work done for the farm business. Some respondents may say they do not spend any time working on their operation. This is particularly true of those whose entire operation is enrolled in the CRP. These respondents should count the time spent on oversight, paperwork, filing income tax forms, and even the time spent completing this interview! There should almost always be hours worked in at least one quarter for every operation. In Item 10a, record the hours of work regardless of if they are paid (meaning they received a regular wage or salary for this work) or unpaid hours. Then, in Item 10a(i), record the number of these hours that were unpaid (meaning they did not receive a regular wage or salary for this

work). If any of the hours reported in 10a are for a wage or salary, there should be cash wages reported in Section H.

Item 10b – Producer's Spouse's Hours of Farm/Ranch Work

Record all of the spouse's hours of farm work, even for spouses who only work a few hours a week on the farm (bookkeeping, running errands, etc.). **Include** all work done for the farm business. Some respondents may say that the producer's spouse does not spend any time working on their operation. This is particularly true of those whose entire operation is enrolled in the CRP. These respondents should count the time spent on oversight, paperwork, filing income tax forms, and even the time spent completing this interview! In Item 10b, record spouse's hours of work regardless if they are paid (meaning the spouse received a regular wage or salary for this work) or unpaid hours. Then, in Item 10b(i), record the number of these hours that were unpaid (meaning the producer's spouse did not receive a regular wage or salary for this work). If any of the hours reported in 10b are for a wage or salary, there should be cash wages to the spouse reported in Section H.

Item 10c – Other Household Members and Other Producers' Hours Working for Farm/Ranch

Record the hours all other household members, and all producers other than the principal producer and spouse, worked on the farm/ranch. **Include** both paid and unpaid hours. Other producers include those persons responsible for the day-to-day management decisions for this operation and may include hired managers. Hired workers hours are reported in Items 10d or 10e below. Other household members may include other producers. If multiple people fit this description, record the total average number of hours worked per week. Do not include the hours of the principal producer and spouse, which should be reported in Items 10a and 10b respectively. Then, in Item 10c(i), record the number of these hours that were unpaid (meaning these workers did not receive a regular wage or salary for this work). For example, if there are two other producers who worked an average of 42 and 24 unpaid hours per week, as well as a family member who worked 15 paid hours per week, the correct entry for Item 10c is 81 hours, and the correct entry for Item 10c(i) is 66.

Item 10d – Other Unpaid Labor Hours

Ask of all other workers, i.e. all workers who were not producers or household members.

Record the sum of hours per week provided by other unpaid workers who worked on the farm, who were not producers and not household members. Include unpaid volunteers and interns.

Item 10e – Other Paid Labor Hours

Ask of all other workers, i.e. all workers who were not producers or household members.

Record the sum of hours per week provided by other paid workers on the farm, who were not producers and not household members. Include paid volunteers and interns, but exclude custom hire and contract labor.

5.14.2 Off-Farm Work - Items 11 – 12

Item 11 – Off-Farm Work Screener

The next few questions ask about off-farm work for the principal producer, spouse, or any other member of the household. If any member of the household, including the principal producer and spouse, worked off the farm (in any setting including another farm), then continue. If no one in the household also worked off the farm, then you can proceed to Section L.

11. Did the principal producer, principal producer's spouse, or any other member of the household work off the farm in 2024?

- 2670 1 Yes - Continue 3 No - Go to Section L

Item 12 – Hours of off-farm work

Please report the average number of hours worked off-farm per week for the principal operator, their spouse, and all other members of the household. **Exclude** time spent commuting.

12. Over the past year, how many hours per week did each of the following people spend working outside of this farm or ranch? INCLUDE time spent working for a wage or salary, or for a non-farm business. EXCLUDE time spent commuting.

	None	Jan - Mar	April - June	July - Sept	Oct - Dec
		Hours / Week	Hours / Week	Hours / Week	Hours / Week
		0488	0489	0490	0491
a. You (<i>the principal producer</i>)	<input type="checkbox"/>				
		0588	0589	0590	0591
b. Your spouse (<i>the principal producer's spouse</i>)	<input type="checkbox"/>				
		1069	1070	1071	1072
c. All other members of the household.	<input type="checkbox"/>				

(Example: If two adult children live in the household and work off-farm, one for 40 hours/week and one for 20 hours/week, report 60 hours/week total.)

5.15 Section L – Type of Organization

Item 1 – Ownership Interest by Blood, Marriage, or Adoptive Relatives

The purpose of this question is to accurately classify farm operations as family farms, because sometimes family members who share the ownership of the farm do not all live in the same household. For the purposes of this section, we define the “principal” producer as the person most responsible for making decisions about the farm operation.

Report whether any producer and persons related to that producer by blood, marriage or adoption own more than 50 percent of the assets of this farm or ranch operation. Consider only farm or ranch assets owned – not rented or leased – by this operation, and **exclude** the assets held by non-family landlords and contractors.

Check “Yes” for Item 1 if this is the case. Check “No” if this is not the case.

Persons related to the producer by blood, marriage, or adoption may live outside the producer’s household.

DO NOT include non-family landlords, contractors, or lenders as those with ownership interest.

Item 2 – Number of Owners of the Operation

Report the number of owners for the farm operation in Item 1. Do not count landlords, contractors, or lending institutions that may have a lien on the operation.

Item 2a – Percent Ownership Interest in Producer’s Household

Report the farm asset ownership interest for this operation, in percentage terms, that the principal producer and those living in the principal producer’s household have in the farm operation. The purpose of this question is to develop an estimate of the farm’s contribution to the net worth of the farm household. The total net worth of the farm household is calculated by adding its share of the net worth of the farm business to its non-farm net worth.

Item 3 – Limited Liability Company

Check ‘Yes’ for Item 3 if the operation is organized as a Limited Liability Company (LLC) under State law. Check “No” otherwise. How a farm is treated for tax purposes does not change the fact that the business is legally a Limited Liability Company. Any of type of legal status in question 4 may also be organized as an LLC under state law.

An LLC is a business organization which provides limited liability for the owners at the State level. Some States may recognize Limited Liability Partnerships (LLPs) in which the individual partners are protected from liabilities of the partnership.

Most LLCs with more than one member are generally considered partnerships for both Federal and State tax purposes. When an LLC has only one member, the fact that it is an LLC is ignored or “disregarded” for the purpose of filing a Federal tax return. If a

single member of an LLC is a corporation, it is treated as a C-Corporation or an S-Corporation, depending on its charter. If the only member is an individual, the LLC is treated as a proprietorship for tax purposes, unless an election to be treated as a corporation is made.

Item 4 – Operation's Legal Status

In this item we want to record the operation's legal status as a business organization. This does not mean how decisions are made for the operation on a day-to-day basis. Therefore, the answer to this question may be different than the answer to the question on day-to-day decision-making in the screening section of this questionnaire. Responses to this question are used for a variety of purposes including classifying farms in the U.S. Department of Commerce's National Income Accounts and estimating after-tax income. Select the organization used for tax purposes, by checking the appropriate box.

1) Family or Individual (Sole or family proprietorship):

A farm operation that has no partners and no shareholders. The proprietor is personally liable for all the firm's obligations. The proprietor, who is regarded as self-employed, bears all the costs and keeps all the after-tax profits, filing IRS Form Schedule F. As a result, the producer typically does not have a fixed salary recorded in Section H, Item 25a. Any producer who insists that they receive a salary in Section H, Item 25a and is an individual operation should be noted for the office.

Individual operations include a single-member Limited Liability Company (LLC) taxed as a sole proprietor. Consider an operation that is operated as a husband-wife team to be a sole proprietorship, unless it is legally organized as a partnership or some other legal form.

2) Legal Partnership:

Farm business operations owned by two or more persons who agree to abide by a partnership agreement. Partners must be owners but do not need to be identified as producers. The partnership agreement sets out how management decisions are to be made and the proportion of the profits to which each partner is entitled. **Exclude** arrangements that do not involve jointly operating a farm or ranch, such as landlord-tenant arrangements.

Partnerships include general partnerships where all partners bear unlimited liability for the operation's debts as well as most Limited Liability Companies (LLCs) with more than one member and Limited Liability Partnerships (LLPs). The partners pay personal income tax on their share of the profits. Formal, legal partnerships file IRS Form 1065. Note that not all LLCs are treated as partnerships; LLCs can also consist of only one member, where that member can be either an individual or a corporation.

Partnership Questions – (Item 2 a-b)

a) Registered Under State Law

For partnerships, answer the "YES"/"NO" question as to whether the partnership is registered under State law.

b) Number of Partners

For partnerships, record the number of partners in the operation in this item.

3) C – Corporation:

Indicate whether or not the corporation is a C–Corporation. Generally, a corporation is a business entity chartered under a State or Federal statute, or under a statute of a federally recognized Indian tribe, if the statute describes or refers to the entity as incorporated or as a corporation, body corporate, or body politic. It is also regarded as a corporation if the business entity is organized under a State statute and described by the statute as a joint-stock company or joint-stock association. For the purpose of Federal taxation, corporations are defined specifically under instructions for IRS Form 8832 (Entity Classification Election).

C-Corporations also include single-member limited liability companies (LLC) taxed as a C-Corporation.

A corporation is legally separate and distinct from its owners (called share- or stockholders). The corporation is formed by filing articles of incorporation with the authority, which returns it with a certificate of incorporation; the two documents together become the corporate charter. The corporation is regarded by the courts as an artificial person and thus may own property, incur debts or make loans, sue or be sued, own assets and pay taxes.

The corporation's chief distinguishing features are:

- 1) Limited liability—owners (shareholders) can lose only what they invest;
- 2) Easy transfer of ownership through sale of shares of stock;
- 3) Continuity of existence: i.e.; the operation does not cease to exist when one or more of its owners die.

The most important aspect of a corporation is limited liability. That is, shareholders are not held personally liable for the corporation's debts. Shareholders elect a board of directors who appoint and oversee the management of the corporation. Although a corporation does not necessarily have to be for profit, the vast majority of corporations are set up with the goal of providing a return for its shareholders.

Corporations pay Federal income taxes. Corporations must file income taxes separately from its owners. C-corporations file IRS Form 1120. Owners pay individual income tax only on money they draw from the corporation in the form of salaries, bonuses, and dividends.

4) S – Corporation (Small Business Corporation):

Indicate whether or not the corporation is an S–Corporation. The “S-Corporation” (for Small Business Corporation) is a form of corporation that meets certain requirements (see IRS Form 2553). This gives an S-Corporation the benefit of incorporation while being taxed on the same basis as a partnership or sole proprietorship. This means that any profits earned by the corporation are usually not taxed at the corporate level, but rather at the level of the shareholders. However, an S-Corporation may still owe tax on certain income. S-Corporations also include single-member Limited Liability Companies (LLC) taxed as an S-Corporation, reporting income and expenses on Form 1120S.

5) Other:

If this operation is any other kind of organization not readily classified in the above-mentioned categories, check the "Other" box. Some examples are:

- **Estate** – Undivided property still in, or subject to, probate.
- **Trust** – The farm is operated by a person as trustee for someone else who is not of age, or may be in a hospital, institution, or is otherwise unable to carry on his/her own business. Estate or trust may be further defined as a property administered for the benefit of another individual or organization. Estate or trust may also be defined as a fund of money or property administered for the benefit of another individual or organization.
- **Cooperative** – Non-taxable business organization formed to eliminate "the middleman" and which exists for the production and/or marketing of goods owned collectively by the members who share in the benefits.
- **Grazing Associations** – A corporation or cooperative mutually operated for the purpose of aiding in the conservation, restoration, improvement, development and utilization of natural forage resources where a grazing area has been acquired for joint use by its members.

Item 5 – Number of Households that Shared Net Farm Income

Determine if any households, other than the principal producer's, share in the net farm income of the operation. If so, record the number of *other* households (not including the principal producer's) that shared the net income from the farm business in item 5a.

Items 6 & 7 – Is Operation a C-Corporation?

Report whether this operation is a C-Corporation **OR** an LLC that chose to file as a C- Corporation.

If this Item is checked "Yes", continue on to Item 6a. If this Item is checked "No", skip 6a and go to Item 7.

Item 6a – Income Received from C-Corporation

Record dividends received by producer's household from the Farm Operation if the operation is a C-Corporation.

Note: After answering Item 6a, **skip Item 7** and proceed to Section M.

Item 7 – Income Received by Household from Farm Business. Except if the Farm is a C- Corporation

Record the percent of the farm operation's net income the producer's household is entitled to receive if the operation is not a C-Corporation.

5.16 Section M – Farm Producer Household -- Income, Assets, & Debt

5.16.1 Household Income and Spending: Items 1-2

Item 1 – Off-Farm Income (Cash Income from Sources Other Than This Farm Operation)

To understand the economic situation of agricultural producers, it is important to know how much outside income is available to farm/ranch households. The request for income by producer, spouse, and total household income for Items 1a, 1b, and 1c recognizes that there can be multiple sources of income for the household by each household member, and that the contribution of each should be included. Ask for income received by source, including wages or salaries from off farm work, income from operating another farm or any other business, cash or share rent from other farming operations, interest, dividends, capital gains/losses from the proceeds of sales other than from this farming operation, retirement, social programs, and other sources. The breakout is to assure that income from each of these sources is considered by each respondent. This also allows us to analyze how the composition of income may be affected by differences in producer or farm characteristics and to align farm and off-farm income with the hours worked on and off the farm. Note that hired managers are included in the household components of the survey because of their importance to overall sector well-being. Farm managers who are principal operators should report their household's financial information in the designated spaces.

Value Codes. To make the respondent feel more comfortable answering questions pertaining to the household's financial situation, all information in Section M is recorded in value codes. These codes correspond to a range of dollar amounts. For instance, for an amount between \$1,000 and \$1,999, record value code "4." Negative numbers may be entered by placing a minus sign "-" before a value code. For instance, a loss between \$1,000 and \$1,999 should be recorded as value code "-4." If no income was received (zero income), "1" **MUST** be entered. When using value codes, a code "1" indicates zero.

For the categories of off-farm income, record the value code that represents off-farm income for the producer, producer's spouse and the total household income for the year for items 1a-1c.

For items 1d-1k, enter the value code that represents off-farm income for the entire household for the year.

Include:

- the principal producer
- all other members of the producer's household. If a producer lives with parents, or other adults, any income earned by these household members (Social Security, off-farm jobs, net income from other farms, etc.) must be included.

Exclude:

- landlord's share
- other partners in a partnership, unless they lived in the same house as the producer

Note: If NO spouse was reported in the previous sections, please leave the

entire spouse column blank.

Item 1a – Off-Farm Wages or Salaries

Report the off-farm wages, salaries, and tips before withholding separately for the producer, producer's spouse, and the household.

Items 1b-1j – Other Sources of Income

Report the other sources of income separately for the producer, producer's spouse, and the total household for Items 1b (net cash income from operating another farm or ranch) and 1c (net cash income from operating any other business). For Items 1d-1j, report total household income.

Item 1g – Proceeds From the Sale of Farm and Non-Farm Capital Assets

Include the proceeds from the sales of capital assets of this farming operation. **Include** the proceeds from the sales of farm assets of other farming operations and the sale of non-farm capital. **Include** the proceeds received from selling an easement (i.e., a permanent or long-term (30-year) easement, sale of development rights, mineral rights, cropping rights, etc.) or other partial interest in land. Generally, an easement permanently restricts use of the land and the landowner typically receives payment in one lump sum. For example: The producer sold a rental house in town for \$100,000. The house had a mortgage of \$50,000 at the time of sale.

At settlement, (ignoring real estate commissions and other closing costs) the mortgage was paid and the producer received a check for \$50,000. The total proceeds from this sale are \$50,000.

Item 1g (i) – Recognized Gain/Loss on the Sale of Farm & Non-Farm Capital Assets

There may be tax consequences when a capital asset is sold. Certain assets can be exchanged for "like-kind" assets in tax-free transactions. Report recognized taxable gain/loss associated with the sale of farm assets, assets from other farms, and non-farm assets here. **Include** gains or losses from selling an easement (i.e., a permanent or long-term (30-year) easement, sale of development rights, mineral rights, cropping rights, etc.) or other partial interest in land. Gains/losses on the sale of capital assets are essential in estimating an after-tax farm household income measure. Gains/losses are computed as the difference between the sale price and the seller's tax basis in the property (cost plus improvements less accumulated depreciation). In the example above, the producer sold the rental house for \$100,000; it had a \$50,000 mortgage. If the producer had originally paid \$40,000 for the house, spent \$10,000 on an addition, and had taken \$15,000 in depreciation, the basis in the house would be \$35,000 (\$40,000 + \$10,000 - \$15,000). As a result, at the time of sale the producer would have a recognized taxable gain of \$65,000 (\$100,000 sale price less \$35,000 basis).

However, sellers often defer the payment of these taxes, under certain conditions, by purchasing a replacement property in a tax-free exchange. Ask the respondent if the sale of the property involved a tax-deferred like-kind exchange. Section 1031 and Starker exchanges are common forms of like-kind exchanges.

Item 1h – Income from Private Pensions & Private Disability Payments

Record the value code representing the amount of private pensions and private disability payments received by the household.

Item 1i – Income from Public Sources

Record the value code representing the income from public sources. Examples of public sources include Social Security, Public Retirement, Public Disability, Veterans Benefits, Unemployment, and other income from public sources.

Item 1j – Other Off-Farm Income

Record the value code representing the off-farm income from sources other than the ones mentioned above. Examples include gifts or lottery winnings.

Item 2a-j – Household Spending

Because farm businesses and households are linked, household expenditures are important to understand the financial viability of both the farm business and household. Expenses are reported for the year for each general category. If the producer's dwelling is owned by the farm operation, do not report rent, mortgage interest, or property taxes in this section. These expenses should be recorded in Section H (CRR) with other farm expenses.

5.16.2 Non-Farm Assets Owned by Producer and Household: Item 3

This question applies to the non-farm assets of the producer's household for which data was not previously reported. Assets of the operation were reported in Section I). **Include** the value of the producer's dwelling here if it is owned separately from the operation and excluded from farm business assets.

Record the value code which includes the value of assets owned by the producer and members of the producer's household SEPARATELY from the operation on December 31.

Item 3a – Financial Assets in Non-Retirement Accounts

Record the value code which includes the value of household financial assets held in non-retirement accounts. Income generated by assets in non-retirement accounts is generally taxable in the current year. Such accounts include CDs, mutual funds, stocks, bonds, taxable brokerage accounts, and money market accounts. Include the cash value of life insurance policies.

Item 3b – Financial Assets in Retirement Accounts

Record the value code which includes the value of household financial assets held in retirement accounts. Income generated by assets in retirement accounts is generally NOT taxable in the current year. Such accounts include Regular IRAs, Roth IRAs, 401(k)s, 403(b)s, Keogh accounts and other tax-deferred accounts. Investments in these accounts generally include financial assets that can also be held in taxable accounts.

Item 3c – Producer's Dwelling

Record the value code which includes the value of the producer's dwelling **if it is not owned by the operation and recorded in Farm Assets- Section I**. Exclude other personal use homes, such as vacation or second homes.

Item 3d – Real Estate

Record the value code which includes the value of any other farms, residential rental, commercial, industrial, or other real estate owned by members of the producer's household. **Include** other personal use homes, such as vacation or second homes.

Item 3e – Other Businesses

Record the value code which includes the value of any other businesses that are not part of this farm.

Item 3f – All Vehicles

Record the value code of the non-farm share of all vehicles. **Include** such items as RVs as well as non-farm share of cars and trucks.

Item 3g – Other Assets

Record the value code which includes the value of any other assets not reported elsewhere. Furnishings are an example of what would be reported here.

5.16.3 Non-Farm Debt: Items 4-5

Item 4 – Non-Farm Debt

Debt is classified as business or household depending on the purpose of the loan. All farm and household debt should be recorded in either Section J or here in Item 4, and recorded only once. **Item 4 applies to the producer's household only, not to the producer's farm business.**

Record the value code which includes the value of debts owed by the producer and members of the producer's household SEPARATELY from the operation on December 31.

Exclude loans obtained for farm and household purposes that were reported in Farm Debt: Section J, or household debt, credit cards, etc. used to finance farm business expenses. Report all such debts in Farm Debt: Section J.

Item 4a – Mortgages on Producer's Dwelling

Record the value code which represents the amount of household mortgage debt on the producer's dwelling, if not owned by the farm operation. **Include** home equity loans, and other lines of credit secured by the producer's dwelling. **Exclude** if the purpose of the line of credit was for this farm business; it should be recorded in Farm Debt: Section J, not in

Item 4.

Item 4b – Mortgages on Other Real Estate

Record the value code which represents the amount of household debt for other real estate properties, such as other personal homes, residential / commercial properties, and other farms. **Include** any lines of credit secured by other real estate.

Exclude if the purpose of the line of credit was for this farm business; it should be recorded in Farm Debt: Section J, not in Item 4.

Item 4c – Other Businesses Loans

Record the value code which represents the amount of debt associated with non-farm business loans. These businesses are independent of the farming operation.

Item 4d – Personal Loans

Record the value code which represents the amount of household debt in the form of personal loans such as credit card debt, auto loans, medical bills, and unpaid taxes.

Exclude if the purpose of the credit card debt was for the farm business; it should be recorded in Farm Debt: Section J.

Item 4e – Other Off-Farm Debt

Record the value code which represents the amount of household debt other than what has been mentioned above.

Item 5 – Non-Farm Debt Secured by Farm Assets

The purpose of this question is to examine the effect that non-farm debt has on the financial ratios of the farm business, specifically on debt/asset and debt/equity ratios.

Record the value code which represents any debt owed by the producer's household for non-farm business purposes (as the respondent noted in previous question), which used any farm assets (such as farmland or any other assets reported in Farm Debt) as collateral or security.

5.16.4 Previous Year Income: Items 6-8

The definition of a Limited Resource Farm requires two consecutive years of sales, operating income, and off-farm income data. Items 6-8 ask for previous year data so Limited Resource Farms can be identified when combined with the current report.

Item 6 – Total Value of Farm Sales in Previous Year

Record the value code which represents the respondent's best estimate of the total value of farm sales in the previous year.

Item 7 – Net Operating Income in Previous Year

Record the value code which represents the respondent's best estimate of net operating income for the farm in the previous year. In cases where the respondent reports a negative value for net farm income in the previous year, indicate a minus sign before the value code. For example, code "-3" for losses between \$500 and \$999.

Item 8 – Total Off-Farm Income in Previous Year

Record the value code which represents the respondent's best estimate of total off-farm income in the previous year for the producer and the producer's household members. In cases where the respondent reports a negative value for total off-farm income in the previous year, indicate a minus sign before the value code. For example, code "-3" for losses between \$500 and \$999. Total off-farm income should include all of the income sources listed in the current year off-farm sources, except for the sales of capital assets and the capital gains from the sales of those capital assets. Include such items as Social Security, private pensions, and/or other retirement payments.

5.17 Section N – Conclusion

Item 1 – Survey Publication

After completing the interview, provide the respondent with the internet location of the survey results. The *Farm Production Expenditures Report* will be published in July.

The respondent can also receive reports by subscription free of charge direct to their e-mail address. If the respondent would like to subscribe, the respondent should go to the NASS Home Page at www.nass.usda.gov. In the “Publications” drop down menu, select the appropriate link under “Receive Reports by Email”.

Item 2 – Respondent Information

Please record the respondent's name and phone number in case you or your Regional Field Office needs to re-contact them to verify or clarify a question.

Also record the respondent's email address and operation phone number. Use the check boxes to note if the phone numbers are cell phones.

Completion Date – (Item Code 9910)

Record the date the questionnaire was completed. Enter the date in MMDDYY format on the lines provided in Item Code 9910. For example, if the interview was completed on February 26, 2024, enter 02 26 24 in the date cell.

Thank the respondent for taking the time out of their busy schedule to fill out the ARMS Phase 3.

5.17.1 Administrative Items

The following items are located under Item 2 and need to be filled out prior to turning the questionnaire in to your Supervisor or sending it to the Regional Field Office.

Ending Time – (Item Code 0005)

Record the ending time (military time) of the interview.

Exclude the time you spend reviewing the questionnaire or verifying calculations by yourself after you have completed the interview. Be sure the ending time is after the beginning time entered on the face page.

Accurate reporting of interview time (beginning and ending time) is critical for monitoring and evaluating survey burden and cost.

Total Time in Hours – (Item Code 0008)

For Interviews that require multiple contacts (personal or phone), you should write the date and time the interview began in a note on the face page.

If more than one person was interviewed to complete the interview, times should reflect the approximate total time for the questionnaire.

Accumulate the hours and minutes of interview time and write the total on the back page in the 0008 box. This box is filled out in tenths of an hour, so a 90-minute interview would be reported as 1 hour and 5 tenths.

If Item Code 0008 is used, there is no need to record a beginning or ending time. Response Code – (Item Code 9901)

Upon completion of the interview, enter the Response Code in Item Code 9901 on the Back Page of the questionnaire. Response Codes are:

Code 1 = **Complete** (Good Reports, Out-of-Businesses, and Abnormal Farms)
Code 2 = **Refusal**
Code 3 = **Inaccessible**

Incomplete Respondent Code – (Item Code 9902)

The Respondent Code identifies the person who was interviewed. Enter the code identifying the person who provided most of the data in Item Code 9902.

Code 1 = **Producer or Manager**
Code 2 = **Producer's Spouse**
Code 3 = **Accountant or Bookkeeper**
Code 4 = **Partner**
Code 9 = **Other**

Record the respondent's name and phone number in Item 2.

Mode Code – (Item Code 9903)

The Mode Code (Item Code 9903) identifies how the person was interviewed.

Code 1 = **Mail**
Code 2 = **Telephone**
Code 3 = **Face-to-Face**

Enumerator Number – (Item Code 9998)

Record your 5-digit enumerator ID number in Item Code 9998.

Optional Use

Item Codes 0093, 0003, and 0009 (located on the front and back pages) are reserved for Regional Office use. These cells should remain blank unless your Regional Office directs you otherwise.

S/E Name

Sign your name in this box.

Review the entire questionnaire before forwarding it to your Supervisor or the Regional Field Office. Make sure all items are complete, including 'Yes' and 'No' boxes checked, and dashes are entered in cells when the response is 'None' or 'No' as appropriate.

Make sure notes are present and complete for unusual situations.

Appendix A – Questionnaire Changes for 2024

Section A - Land in Farm/Ranch

Core questions:

- Questions 1 – 5 and 7 – 11 remain the same

Addition questions due to TOTAL:

- Question 12 – 22: Land rented to Others – these questions are a mix of standard ARMS Phase 3 questions, along with additional questions about land rented to others
- Question 23 – Information about tenants
- Question 24 – Information about management decisions on land rented to others
- Question 25 – Land use for acres 'Owned and Operated' and acres 'Owned and Rented out'
- Question 26 – Land acquisition for acres 'Owned and Operated' and acres 'Owned and Rented out'
- Question 27 – Like-kind exchange
- Questions 28-29 – Land ownership transfer in the future
- Questions 30-31 – Energy rights sold and leased

Research questions:

- Question 6 – Organic Land
- Questions 32-34 – Direct Sales

Section B - Acreage, Production, and Cash Sales

Core questions

- All core questions (1 – 2) remain the same

Section C - Livestock Inventory, Sold/Removed, Cash Sales

Questions

- All questions (1 – 2) remain the same

Section D - Other Operations growing, feeding, or raising livestock for this operation

Questions

- Question (1) remains the same

Section E - Marketing and Production Contracts

Core questions

- All core questions (1 – 2) remain the same

Section F - Accounts Receivable and Deferred Payments

Questions

- Question (1) remains the same

Research Questions

- Conservation Practices questions 1 – 3

Section G – Government Payments and Other Farm Related Income

Questions:

- All questions (1 – 4) remain the same

Research Question

- Question 2c(v) – USDA National Organic Certification Cost Share program

Section H – Operating and Capital Expenditures

Questions:

- All questions (1 – 53) remain the same

Section I – Farm Assets

Core questions

- All core questions (1 – 4) remain the same

Section J – Farm Debt

Core questions

- All core questions (1 – 4) remain the same

Section K – Personal Characteristics and Farm Management

Questions:

- Questions (1 – 13) remain the same

Section L – Type of Organization

Core questions

- All core questions (1 – 7) remain the same

Section M – Farm Producer Household- Income, Assets, & Debt

Questions

- Questions (1 – 8) remain the same

Appendix B Definitions and Terms

Accrual Accounting - An accounting system where business expenses are deductible in the tax year when the operation became liable for them, whether paid or not.

Acre (A.) - Unit of land area commonly used in the U.S.; equals 43,560 square feet.

Acreage - An indefinite quantity of land; a collective number of acres.

Acreage Allotment - As established from time to time by Congress, the individual farm's share, based on its previous production, of the national acreage needed to produce sufficient supplies of a particular crop.

Acreage Base: Crop - A farm's average acreage of wheat, feed grains, upland cotton, or rice planted for harvest, plus land not planted because of acreage reduction or diversion programs during a period specified by law.

Acreage Base: Farm - The total of crop acreage bases (wheat, feed grains, upland cotton, and rice) for a farm in a year, the average acreage planted in soybeans, and the average acreage devoted to conserving uses.

Acreage Contract - An owner or producer may enroll all or a portion of the eligible cropland on the farm as contract acreage.

Also, an owner or producer who enters into a contract may subsequently reduce, but not add to the quantity of contract acreage covered by the contract.

Acreage, Eligible Contract - Eligible contract acreage must have been included in the annual acreage reduction program for at least one out of the last five crops, or have been considered planted. The definition of considered planted includes acreage that may not have participated, but was reported to the local FSA office and cropland subject to a CRP contract whose term expired, or was voluntarily terminated after 1-1-95 or is released by the Secretary of Agriculture between 1-1-95 and 8-1-96.

Acreage, Noncontract - Noncontract acreage is the portion of eligible contract acreage which an owner or producer did not enroll in the program.

Advance Recourse Loan - A price-support loan made early in a crop year that enables a farmer to hold his crops for later sale, usually within the marketing year. Farmers must repay the loan with interest and reclaim their collateral.

Agribusiness - Producers and manufacturers of agricultural food, fiber, and services, such as fertilizer and farm equipment manufacturers and dealers, wholesalers, processors, transporters, marketers, and retail outlets.

Agricultural Commodity - Any plant or part of a plant, or animal or part of an animal product, produced by a person primarily for sale, consumption, propagation or other use by humans or animals.

Agricultural Policy - A broad term used to encompass those government programs most directly affecting the prices and incomes received by farmers.

Agricultural Production - The classification of agricultural production includes: establishments (farms, ranches, dairies, orchards, nurseries, greenhouses, etc.) primarily engaged in the production of crops, plants, vines, or trees (excluding trees for lumber production) and the keeping, grazing or feeding of livestock or livestock products for sale. Livestock include cattle, sheep, goats, hogs, and poultry. Also, included are animal specialties such as horses, rabbits, bees, fur-bearing animals and fish in captivity. The

classification includes establishments engaged in the production of bulbs, flower seeds, vegetable seeds, and also specialty operations such as sod farms, mushroom cellars, and cranberry bogs.

Agricultural Work - Work done on a farm or ranch in connection with the production of agricultural products, including nursery and greenhouse products and animal specialties such as furs, fish, apiaries, etc. Certain work which may take the operator, employee, etc. off the farm, such as trips to buy feed, supplies, or machinery parts, deliver products to a local market, or handle other farm related business.

Agriculture - The science or art of cultivating the soil, producing crops, raising livestock, and, in varying degrees, the preparation of these products for man's use and disposal.

All-in, All-out (AIAO) - A hog management system where the production area or building is filled or emptied of hogs all at once.

ALS Herbicides - Herbicides that bind to the acetolactate synthase (ALS) enzyme in the plant.

American Pima Cotton - An extra-long staple cotton formerly known as American-Egyptian cotton in the U.S., grown chiefly in the irrigated valleys of Arizona, New Mexico, and West Texas. Represents only 1 percent of the U.S. cotton crop. Used chiefly for thread and high-valued fabrics and apparel. Developed as the Sea Island cotton became extinct in the U.S.

Amortization - A detailed plan to repay a loan in a specified period of time.

Animal Unit (AU) - A standard measure based on feed requirements (an average daily consumption of 26 lbs. dry matter per day) used to combine various classes of livestock with size, weight, age, and use.

Animal Unit Month (AUM) - Tenure of one AU for one month. Bureau of Land Management (BLM) calls an AUM a Head Month.

Apiary - Bee colonies, hives, and other bee equipment assembled in one location for the production of honey.

Apiculture - The science and art of raising honey bees.

Aquaculture - The propagation and raising of aquatic plants or animals in a controlled or selected environment, such as ponds, raceways, tanks, or cages, for all or part of their life cycle.

Aquifer - A naturally occurring underground reservoir of water that can be tapped for wells.

Area Sample - A sample of segments selected from an area sampling frame. The area sampling frame is representative of the state's geography and land uses.

Area Sampling Frame - All land area in the State divided into sampling units called segments.

Assessed Value - The value of land on which the real property tax is based.

Assessments - The valuation of farm or ranch land for property tax purposes according to its market value.

Assets - Market value of real estate, buildings, implements, livestock, grain stocks, purchased inputs and supplies on hand, rights, such as water rights, allotments, cash, accounts, etc. which have commercial value.

Atrophic Rhinitis - A hog condition that damages the fine filtering membrane tissues in the nose

causing them to waste away. In some herds, the disease causes severe stunting of young pigs while showing no effect in other herds.

AU - Abbreviation for Animal Unit.

Auction - A public sale of assets or commodities through competitive bidding to the highest bidder.

Auction Barn - A facility for gathering livestock or other commodities for sale by auction. The auction bidding and sale are conducted at the facility. Also, referred to as Sale Barn.

Auction Pool - A cooperative method of marketing where individually owned products are pooled and sold to the highest bidder.

AUM - Abbreviation for Animal Unit Month.

Avian - Pertaining to poultry and/or fowl.

Bacon - The side or back portion of a hog carcass, with ribs removed; cured by salting and smoking.

Balance Sheet - A list of assets and liabilities in dollar terms to show the equity or net worth of an individual or business.

Barrel (Bbl.) - A volume unit of measure, used as a standard for selling and trading certain commodities in certain areas of the country.

Barrow - A male hog who was castrated before reaching breeding age and before the development of secondary sex characteristics.

Base Acreage - The average acreage of a crop on a farm that is used in acreage limitation programs and to calculate farm program acreage. It is usually the actual planted acreage of the crop on the farm in the previous year, although the previous 2-year average could be used when adjusted for disasters, crop rotations, and other factors as necessary to make it fair and equitable.

Basis - The difference between two prices, such as a commodity cash price and its futures price assuming the same quality standards. Basis reflects the marketing costs of storage, transportation, and supply and demand.

Bbl. - Abbreviation for barrel.

Bd. - Abbreviation for board.

BLM - Acronym for Bureau of Land Management.

Boar - A male hog, usually kept for breeding purposes.

Board of Trade - See "Chicago Board of Trade."

Bonafide Sale - The voluntary transfer of property by willing persons, acting knowledgeably and prudently, where the owner receives compensation for the property. Sales reflect market price.

Borrowing Capacity - The amount of credit an operator has with lending institutions.

Broiler - A young domestic breed chicken grown for meat purposes only.

Brucellosis - A bacterial disease of hogs or cattle. Its symptoms are abortions, paralysis in the rear-end of the animal, inflammation of the testicles in males or the uterus in females, and in some cases sterility. The disease is spread by eating contaminated feed and water or using infected boars for breeding.

Bu. - Abbreviation for bushel.

Bull - A mature male bovine used for breeding purposes, and not usually raised for meat.

Bump Weaning - A weaning process in hogs where there is an attempt to save all living piglets versus some approaches which kill or destroy any runt or undersized piglets.

Bushel (Bu.) - A volume unit of measure, often used as a standard for selling and trading crop commodities. In practice, commodities are traded on a weight basis whereby, a USDA standard weight and moisture content representing a bushel has been established for each commodity.

Calf - Any young cattle weighing less than 500 pounds.

Calf Crop - The number of calves produced by a given number of cows over a specified period of time.

Call Back - A situation where a respondent has been contacted and for a variety of possible reasons must be recontacted. A call back may be needed to clarify a response from the original interview because of its relationship to other reported data, or to meet with the person best able to provide the information requested.

CAPI - Acronym for Computer Assisted Personal Interview. A hand-held or laptop computer used instead of a paper questionnaire, to complete a survey interview.

Carryover - [Grain Stocks] The supplies, volume, or stock of a farm commodity not yet used at the end of a marketing year; carried over into the next marketing year.

[Pesticides] Chemical pesticide residuals remaining in the soil a year or more after being applied. Residual levels are influenced by chemical type, amount of rainfall, and soil type. The carryover from some chemicals may affect the growth of certain crops planted in later years.

Carton - A unit for measuring fruit leaving a packinghouse that weighs 425 pounds and equals 4/5 bushel. Two cartons equal one box.

Cash Accounting - An accounting system in which business expenses are deductible in the tax year in which they are paid, regardless of when delivery was made or scheduled to be made.

Cash Crop - A crop produced for direct cash sale.

Cash Grain Farm - A farm on which corn, grain sorghum, small grains, soybeans, or field beans and peas account for at least 50 percent of the value of products sold.

Cash Price - The actual price paid for an item, less any discounts or rebates.

Cash Receipts - Receipts which include sales and trade-in allowances from transactions on the farm, concerning animals poultry and dairy products, crops, machinery, farm improvements, work off the farm, etc.

Cash Rent - Fixed, predetermined dollar amount paid for the use of land, buildings, equipment, livestock, etc.

CATI - Acronym for Computer Assisted Telephone Interview.

Cattle on Shares - An arrangement very similar to a production contract. Typically, a cattle owner (like a contractor) will place cattle on an operation with excess grazing land (like a contractee), and the land owner will receive a share of the calves as the fee for grazing the cattle.

CBOT - Acronym for Chicago Board of Trade.

Census of Agriculture - A count taken every five years (for years ending in "2" or "7") of the number of farms, land in farms, crop acreage and production, livestock numbers and production, farm spending, farm facilities and equipment, farm tenure, economic data and so forth. State and county data are published.

Certified Seed - Seed that meets rigid standards of purity and germination and is so designated by an authorized agency.

Check-Off - A fee collected on each unit of a commodity going to market. Fees collected are administered by a producer selected board, usually to fund research and promotion of products made from the commodity.

Chicago Board of Trade (CBOT) – A commodity exchange specializing in trading grain's futures contracts. The CBOT is located in Chicago, IL.

Comments - Information about an operation, kept on file to remind the enumerator in later interviews of an unusual situation.

Commission Charges - Charges levied by a commission firm to the seller of the livestock. Charges are for freight, yardage, feed, and the collection of payment from the purchaser. It is generally a percentage of the gross value of sale.

Commodity - Any agricultural or agricultural by- product available for sale.

Commodity, Contract - The crop specified in the production flexibility contract. Eligible commodities are wheat, corn, sorghum, barley, oats, upland cotton, and rice.

Commodity Credit Corporation (CCC) - A government owned and operated entity created to stabilize, support, and protect farm income and prices. CCC helps maintain balanced and adequate supplies of agricultural commodities and in their orderly distribution. It aides producers through loans, purchases, payments, and other operations, and makes available materials and facilities required in the production and marketing of agricultural commodities.

CCC also is authorized to sale agricultural commodities to other government agencies or foreign governments, and make food donations to domestic, foreign, or international relief agencies. It assists in the development of new domestic and foreign markets and marketing facilities for agricultural commodities.

Commodity Exchange - A brokerage house specializing in the trading of commodity futures contracts.

Commodity Futures Trading Commission (CFTC) - An independent government commission which regulates commodity trading at the 11 U.S. futures exchanges. CFTC also regulates the activities of numerous commodity exchange members, public brokerage houses, commodity trading advisors, and commodity pool operators.

Computer Assisted Telephone Interviewing (CATI) - A system of telephone survey or census enumeration which uses interactive terminals linked to a computer. The interviewer reads survey or census questions from the terminal screen display

and enters the responses interactively. The CATI system automatically displays names to be called and keeps track of call back appointments and the status of every case in the telephone survey backlog.

Confidentiality - The assurance from NASS to respondents, backed by federal law, that individual information collected on authorized USDA surveys will not be released to any person, organization or institution, including court subpoenas.

See the "NASDA Employee Handbook" for regulations.

Conservation - Wise or economical use of natural resources.

Conservation District - Any unit of local government formed for the purpose of carrying out a local soil and water conservation program.

Conservation Plan - A combination of land uses and practices to protect and improve soil productivity and to prevent soil deterioration from erosion or other adverse effects.

Conservation Reserve Program (CRP) - A program established by the USDA in 1985 to take land prone to erosion out of production for 10 to 15 years and devote it to conserving uses. In return, farmers may receive an annual rental payment for carrying out approved conservation practices on the conservation acreage.

Conserving Use - Land idled from production and planted in a soil-conserving crop, such as annual, biennial, or perennial grasses, or other soil-conserving crops.

Continuous Farrowing - A continuously used hog farrowing facility, never completely vacated as in an All-In, All-Out System.

Contract - A binding agreement, either written or verbal, between the farm operator (contractee) and another party (contractor) specifying one or more conditions for the production and/or marketing of a farm commodity.

Contract Acreage - See "Base Acreage".

Contract Crop - A crop eligible for production flexibility payments: wheat, corn, sorghum, barley, oats, rice, and upland cotton.

Contract, Marketing – An agreement between a producer and a firm or agent to market or purchase a commodity, usually for delivery or payment in the future. The terms of marketing contracts are generally determined by the producer (contractee) with the primary responsibility of the agent being to provide the market for the commodity. The producer may exercise a high degree of control over the production of the commodity and receives a payment close to the market value of the product. The buyer does not control the production of the commodity. The contract establishes for delivery and payment which may allow the buyer to take control of the commodity before the final price or payment is made.

Contract, Production - Producing crops or livestock under an agreement where the owner of the commodity (contractor) supplies some or most of the inputs for production and the farmer (contractee) usually provides inputs such as labor, utilities, housing, machinery, and/or equipment. The contractee is limited in the control over the amount produced and the production practices used. Usually, the contract is established at the beginning of the production cycle for a given number of acres, or number of animals or birds. The contractee has a minimum amount of risk since the amount of payment to be received is agreed upon prior to or during the production period. The contractee does not receive the commodity's full market value and may have

quality or other adjustments.

Contract Sale - A sale negotiated for a future date. May be based on the delivery date market price or a predetermined price.

Contract Work - Work performed on a farm or ranch, such as fruit or vegetable picking, where the provider of the service (crew leader, contractor, etc.) is paid for the use of materials, equipment or labor as agreed to informally or as specified in a contract. Payment is usually on a per unit basis, or for the entire job.

Contractee or Contract Grower - A person who is responsible for producing or raising a contractor's commodity (poultry, livestock, crops) for a fee or other financial considerations.

Contractor - A person or firm offering a contract agreement to a producer (contractee). The contractor typically owns the commodity (crop, poultry, or livestock), and may supply the feed, medicine and other such items, but does not care for the commodity.

Converted Wetlands - Wetlands that have been drained or otherwise manipulated for the purpose of producing agricultural commodities.

Cooperative - A voluntarily organized association controlled by its members or patrons. Individuals pool their resources and share in the profits.

Cooperative State Research, Education, and Extension Service - A USDA agency providing farmers and rural people leadership, evaluation, and coordination in support of state and county educational programs. It also provides access to agricultural research and information on federal regulations and policy, food safety, agricultural marketing, disaster awareness, sustainable agriculture, waste management, water quality, and youth at risk. The former Extension Service is now a part of this Agency.

Corn-Hog Ratio - Number of bushels of corn equal in value to 100 pounds of live hogs; the price per hundredweight received by farmers for hogs divided by the bushel price of corn.

Corporate Farm - A legally incorporated farm; can be of any size, including family farms.

Corporation - A corporation is a legal form of organization separate from its owners (shareholders). It is created (incorporated) under the laws of the individual states. The state then recognizes its existence as a corporation and permits it to engage in activities (for example, farming) provided for in its articles of incorporation. Corporations may include both large incorporated companies and family corporation farms that filed articles of incorporation.

Cost of Production - The average amount in dollars per unit used in growing or raising a farm product, including all purchased inputs and sometimes including allowances for management and the use of owned land. The cost may be expressed in units of a bushel, pound, ton or per-acre, depending on the product involved.

Cotton - A soft, white vegetable fiber obtained from the seed pod of the cotton plant. The two principal types of cotton grown in the U.S. are upland cotton and American Pima cotton.

Cotton Board - A quasi-government organization whose members are appointed by the Secretary of Agriculture from nominees of cotton producer organizations. The board receives and disburses grower assessments to finance the Cotton Incorporated program.

Cotton Compress - The equipment which forms the ginned raw cotton into a bale. The first

compression, primarily to modified flat or universal bale dimensions, is performed at the gin. Further compression of flat or modified flat bales is performed at cotton warehouse locations.

Cotton Council - See "National Cotton Council of America."

Cotton Council International (CCI) - The overseas operations of the National Council of America. The CCI's primary objective is to develop markets for U.S. exports.

Cotton Exchange - A membership organization which provides facilities where cotton futures contracts are bought and sold.

Cotton Gin - A machine that separates cotton fibers from the seed on which they were produced.

Cotton Incorporated - A private corporation acting as the marketing and research organization representing U.S. cotton growers.

Cotton Quality - Three major components of cotton quality, grade, staple and micronaire, are included in official USDA cotton quality classifications. Added fiber properties, including length, uniformity, and strength, are also recognized as important and are increasingly being measured by instrument testing. Grade depends on the color, trash content, and preparation (smoothness) of the cotton sample.

Cottonseed - Seed of cotton with the lint removed. Cottonseed oil is extracted from the seed through a crushing process. The residue (cottonseed cake or meal) is used as livestock feed.

Cottonseed Cake - Residue left after extraction of oil from cottonseeds. It contains more than 36% protein and is sold according to its protein or nitrogen content.

Cottonseed Hulls - The outer covering of the cottonseed. It is residue after the extraction of the oil and used extensively as a livestock feed.

Cottonseed Meal - The residue of cottonseed kernels after the extraction of oil. It is used as a protein supplement in livestock feed.

Count Unit - A small plot in an Objective Yield Survey sample field where observations and counts are made. A unit is laid out by following specific procedures in marking its boundaries with florist stakes and flagging ribbon.

Coverage - The degree of completeness and accuracy in the count of producing units and items counted by the census, e.g., farms, land in farms, etc.

Cover Crop(s) - Any of several plants, such as rye, wheat, or oats, sown in the fall to make sufficient growth before winter to aid in protecting soil from wind and water erosion. In the spring it is plowed under and used as green manure. A spring planted cover crop is planted to protect a slower germinating or growing crop (i.e., small grains planted as a cover crop for newly seeded alfalfa.) [Orchards] A close-growing crop grown primarily to protect and improve soil between trees and vines in orchards and vineyards.

Covered Production Area - Any growing area with a permanent or temporary cover such as glass, fiberglass, or plastic over greenhouses.

Cow - A mature female bovine that has had at least one calf.

Credit - The ability to obtain loan or services based upon a promise to pay. Credit is a resource that can be used or held in reserve. Even a debt-free operation may have credit, but in the case of the debt-free operation, all of its credit is in reserve.

Crop - A plant which is harvested for use by people or livestock.

Crop Insurance - Farmers select from various types of insurance policies to partially protect their income. One common type of policy helps minimize losses due to natural causes such as drought, excessive moisture, hail, wind, frost, insects, and disease. The farmer selects the amount of average yield to insure (usually 50 to 75%) and can select the percent of the predicted price he or she wants to insure (usually 55 to 100% of the crop price established annually by the Risk Management Agency). If the harvest is less than the yield insured, the farmer is paid an indemnity which is calculated by multiplying the yield difference by the insured percentage of the price selected when the insurance was purchased.

Crop Residue - That part of a plant left in the field after harvest or abandonment; leaves, stubble, roots, straw, etc.

Crop Rotation - The growing of different crops in a repeating sequence on the same land.

Crop Surplus - See "Carryover."

Crop Termination - Ending the growing season after harvest by removing fruit or nuts (mummies, etc.) which remain on trees or vines.

Crop Turn - [Floriculture] When the same growing area is used to grow more than one crop. This is the same as refilling.

Crop Year - The year in which a crop is harvested.

Cropland - Land which can produce a crop for harvest (pasture and timber are not considered crops). Cropland includes land cropped, idle land suitable for cropping, land in orchards, etc. Do not include woodland, marshes, or land suitable only for pasture.

Cropland Harvested - See "Harvested Cropland".

Cull - [Livestock] An animal taken out of the herd/flock because it is below herd/flock standards. [Crops] Fruit or vegetables not meeting the commercial marketing standards.

Custom Work - Agricultural work performed by men and machines which is hired. Machine and machine operator are hired as a unit.

Cwt. - Hundredweight or 100 pounds.

Dairy - Businesses related to the production, processing, or distribution of milk and its products. More specifically, can refer to a plant in which milk is processed and where dairy products are manufactured and sold.

Dairy Cattle - Cattle kept specifically for the production of milk used for sale or home use.

Dairy Herd Improvement Association (DHIA) - A cooperative organization of approximately 25 or more farmers. Its purpose is the testing of dairy cows for milk and fat production and recording feed consumed.

Data Collection - The process of completing interviews or field counts, or otherwise accounting for (refusal, inaccessible, out-of-business) all selected sample units in a survey.

Deferred Grazing - Method of grazing rangelands where only parts of an area are used at any one time permitting the vegetation to recover and the forage condition to improve.

Delayed Pricing Contracts - A procedure where the farmer agrees to deliver a commodity at harvest while the price is determined at a later date, sometimes months later. Since the farmer gives up ownership, this differs from the storing of the commodity for sale at a later date.

Depreciation - An annual business cost equal to a portion of the original cost of capital assets, such as buildings and equipment, representing the loss in value of these items due to wear, tear, and obsolescence.

Direct Payments - Provides participating farmers with a predetermined payment each year.

Direct Sales - The sale of fruit and vegetable commodities by a farmer directly to the consumer; crops to the processor or feeder; livestock to local slaughter plants.

Disaster Payment - Federal aid provided to farmers for crops and/or livestock feed when planting is prevented, or crop yields are abnormally low because of adverse weather and related conditions. Starting in 1982, disaster payments, as a rule, were available only to those producers who had no access to Federal crop insurance.

Discount - [Buyer] A deduction from an original price or debt, allowed for paying promptly or in cash. [Seller] A deduction from the market price for poor quality or less than market standard commodities.

Distress Sale - An owner's involuntary transfer of property involving a legal attachment proceeding or in anticipation of such proceeding, such as foreclosure, bankruptcy, or condemnation.

Double Crop - The growing of two crops for harvest in one year from the same field.

Drip - [Irrigation] The application of small quantities of water, usually daily, directly to the root zone through various types of systems. [Chemical] Placement of a perforated traverse bar over a crop to allow a solution to pass through and wet the commodity.

Due Date - [Enumerators] The date assigned materials must be received in the State office. [State office] The date assigned materials must be received in Headquarters.

Duplicate - Two or more name and address records which represent the same person(s) or the same operation(s). After mailout of questionnaires, the term describes two or more reports that represent the same operation.

Dwelling - Any house, apartment, mobile home, trailer, or other housing accommodation if occupied or suitable for housing, if unoccupied.

Economic Research Service (ERS) - A USDA agency that is an important user of NASS data. ERS studies various topics related to agriculture and issues research publications and commodity outlook and situation reports.

Editing - Reviewing entries for reasonableness and validity completed questionnaires. Unusual but correct responses should be flagged and explained with notes indicating it was verified with the respondent. With impossible data relationships, probe for the correct responses.

Effective Price - The direct payment rate for a commodity plus the higher of that commodity's national average loan rate or the U.S. season average price received by producers.

EIN - Employer Identification Number.

Enumerator - A person trained to conduct interviews or make field counts and record the information gathered in the interviews or counts.

Environmental Quality Incentives Program (EQIP) - A program providing cost-share, technical, and educational assistance and incentive payment to crop and livestock producers in implementing structural and management practices to protect soil and water

resources. EQIP contracts are for agricultural land that poses a serious problem to soil, water, or related resources. The program establishes 5- to 10-year contracts to provide technical assistance and pay up to 75 percent of the costs of conservation practices such as manure management systems, pest management, and erosion control.

Equity - The probable balance remaining after the selling of assets and paying off existing debt. It is a measure of net worth calculated as total operator assets minus operator debt outstanding.

Estate - The holdings and possessions of a person upon the death or certified incompetency of the individual. It is normally short lived. Land in estate must be listed as managed land or as land owned by the estate, serving as landlord, with the land being operated by someone else.

Estate Sale - The sale of property to settle an estate.

Expenditure - The cost incurred by purchasing a commodity or service, including cost of the item, sales tax, excise tax, shipment or delivery charges, finance charges, and installation charge.

Expenses, Capital - Expenses for additions to the capital assets used in production activities. These items are usually depreciated.

Expenses, Operating - Total expenses incurred by the operation during a year associated with the production of gross income.

Extension Service (ES) - USDA's educational agency. One of the three partners in the Cooperative Extension Service with State and local governments. All three share in financing, planning, and conducting education programs.

Extreme Operator (EO) - A group of the largest operators in the State based on the number of cattle, dairy cows, hogs, sheep, grain storage facilities, or cropland acres they operate.

Fallow - Cropland left uncropped during one growing season to conserve moisture in the soil, control weeds and allow the decomposition of crop residue.

Family Farm - A farm where the operator and his/her family make most of the day-to-day management decisions, supply the equity capital, and a significant part of the labor needs.

Farm - Any place which produced and sold or normally would have produced or sold \$1,000 worth of agricultural products during the year.

Farm Bureau - See "American Farm Bureau."

Farm, Contract - A farm which has land that is considered eligible for the program and the owner or producer chose to enroll all or a portion of the eligible land in the program.

Farm, Noncontract - A farm which, even if it was considered eligible for the program, the owner or producer chose not to enroll in the program.

Farm Price - The price a farmer receives for his products at the farm.

Farm Service Agency (FSA) - An Agency of the USDA which administers farm commodity and conservation programs for farmers and makes loans. FSA programs are primarily directed at agricultural producers or, in the case of loans, at those with farming experience.

Farmer - See "Operator."

Farmstead - That part of the farm consisting of the main set of buildings, adjacent yards or corrals, family garden, and family orchard.

Farrowing - The process of giving birth in hogs.

Federal Agricultural Improvement and Reform (FAIR) Act - A farm act that removed the link between income support payments and farm prices by providing for seven annual fixed but declining production flexibility contract payments. Participating producers received payments largely independent of farm prices, in contrast to the past when deficiency payments were dependent on farm prices.

Feeder - [Livestock] Young livestock on grass and/or a warm-up or maintenance ration until being put on feed for slaughter market or being selected as replacement stock. [Farmer] A farm operator who fattens livestock for sale.

Feeder Pig - A young pig, usually recently weaned and at least 8 weeks old or 40- 100 pounds in weight, to be fed for slaughter.

Fertilizer - Any material put on or in the soil or on plant leaves to improve the quality or quantity of plant growth. See "Micro- nutrient," "Nitrogen," "Phosphate," "Potash," and "Trace Element."

Field - A continuous area of land devoted to one crop or land use. Farmstead, pastureland, woods, wasteland, etc. are considered fields.

Financial Health - Income and solvency measures classify farm businesses into one of four categories; (1) favorable: Positive income, debt-asset ratio less than 0.40. These farms are in good financial positions and are considered financially stable. (2) Marginal income: Negative income, debt-asset ratio less than 0.40. These farms generally face an income problem. (3) Marginal solvency: Positive income, debt-asset ratio above 0.40. These farms are generating positive returns, despite higher debt repayment requirements, and (4) vulnerable: Negative income, debt-asset ratio above 0.40. These farms are highly leveraged and have income deficiencies limiting their viability.

Finish - [Livestock] Refers to fatness in animals; highly finished is very fat. [Floriculture] Plants ready for retail sale.

FIPS (Federal Information Processing Standard) - Is a numeric system of coding states and counties. States are arranged in alphabetical order and then assigned a number - Alabama is 01 and Wyoming is 56. Counties within a state are numbered in the same manner.

Fiscal Policy - Policy made by executive branch and Congress dealing with the amount of money expended and the amount of revenue raised by the federal government.

Flat - A shallow box containing soil where seeds are sown or seedlings are transplanted.

Flexibility Contract - A commodity program that provides income support to participating farmers over the next seven years. To be eligible, farmers had to have: a crop acreage base at the FSA office, and been a participant in a farm commodity program for at least 1 of the previous 3 years, or have land that was enrolled in CRP. Participating farm operators must continue to comply with conservation provisions related to highly erodible land and wetlands preservation to receive contract payments. Farmers have few, if any, restrictions on what crops they can

plant on land enrolled in the program. The distribution of payments to individual farmers depends on how many operators participate and the number of contract acres each has in the program. This program offers a boost to cash-flow over the seven-year program but ends in 2002.

Flexibility Contract, 7-Year Production - To participate, producers with eligible cropland must have signed a production flexibility contract. They must continue to comply with the requirements of conservation and wetland protection on all farms, comply with planting flexibility, and use the contract acreage for an agricultural or related activity. If in compliance over the next 7 years, annual contract payments will be received. Producers are also eligible to receive marketing assistance loans on all production of contract commodities on the farm with a production flexibility contract, even if produced on noncontract acres. All producers are eligible for loans on extra- long staple (ELS) cotton and oilseeds on any production.

Follow-up - Action to obtain a response from nonrespondents by mailing a letter, card or form or by telephoning.

Forage - Grasses, legumes, and other crops used as feed for livestock, such as hay, pasture, silage, or green chop.

Form 483-S - IRS form for reporting rental income and expenses.

Form 941 - Employer's Quarterly Federal Tax Return for Other Than Household or Agriculture Employees (IRS).

Form 943 - Employer's Annual Tax Return for Agricultural Employees (IRS).

Form 990-C - IRS form used by tax exempt cooperatives.

Form 1040-C - Profit (or Loss) from Business or Profession (IRS). (Attachment to Form 1040, Individual Income Tax Return, farm operators excluded).

Form 1040-E - IRS form for reporting income from pensions, annuities, rents, royalties, estates and trusts.

Form 1040-F - Schedule of farm income and expenses (IRS) (attachment to form 1040).

Form 1065 - Partnership Return of Income (IRS).

Form 1120 - Corporation Income Tax Return (IRS).

Form 1120-S - Small Business Corporation Income Tax Return (IRS).

Forward Contract - Selling and pricing procedure where the price received by the farmer is determined at the time the contract is made, with delivery to be made at a specified later date.

Forward Pricing - Contracting or agreeing with an input provider to purchase a given quantity of supplies at a given price.

Free-of-charge - An arrangement where a producer may use a resource owned by someone else and not have to pay for its use.

Fringe Benefits - Employer provided cash payments for any such items as health insurance, life insurance, holiday pay, vacation pay, sick leave, time-off with pay, employer's share of Social Security, Workers' Compensation, and Medicare, pensions, and retirement plans.

Futures Contract - An agreement between two people, one who sells and agrees to deliver and one who buys and agrees to receive specific kinds and amounts of a particular

commodity at a specific time, place and price.

Futures Market - The formal marketing system that lets farmers promise to deliver or by commodities at a set price.

Gastroenteritis - A hog disease causing an inflammation of the stomach and the intestine. Symptoms are scours, decreased appetite, weight loss, vomiting and even death.

Gilt - Female pig that has never farrowed.

Government Program Land - Non-government land enrolled in a government program such as the former long-term (10 year) Conservation Reserve Program (CRP), Acres in Conservation Reserve (ACR), Conserving Uses (CU), or any other federal land diversion program.

Grazing Allotment - The area of rangeland controlled by a public agency which is leased to a rancher on a fee per head or animal unit month (AUM) basis.

Grazing Association - A member owned, operated, and managed nonprofit association of farmers and ranchers, organized to provide shared seasonal grazing for their livestock.

Grazing Fee - The charge on an AUM, cow-calf, or fee per head basis, levied on a farmer or rancher to graze livestock on land in accordance with the terms of a grazing allotment or association.

Grazing Period - A specified time when a farmer or rancher may graze on specific grazing land.

Grazing Permit - A document authorizing the use of public or other lands for grazing purposes under specified conditions which is issued to the livestock operator by a PIGA.

Grazing Land, Public or Industrial - Lands administered through permits or licenses allowing one or more ranchers to graze a specified number of animal units in a specified area during a certain period of time, from seasonal to year-round. Payment for use of this land is on an AUM or fee per head basis. Land may be controlled by Federal, State or local agencies or owned by corporations, such as paper mills, railroads, or energy companies.

Grazing Land Association, Public or Industrial (PIGA) - Associations established to administer and enforce the rules and regulations for a specific area of Public or Industrial Grazing Land.

Greenhouse - Any of several different types of heated, glass or plastic covered rigid framed structures used for the growing of plants.

Gross Farm Income - All the income within a calendar year that farm operators realize from farming before deducting production expenses. It includes cash receipts from the sale of farm products, government payments, value of food and fuel produced and consumed on farms where grown, rental value of farm dwellings, and an allowance for change in the value of year-end inventories of crops and livestock.

Gross Value - Value of a commodity after adjusting for discounts and premiums, not including deductions for handling, cleaning (except dry edible beans), storage, grading, drying, etc.

Harvest - To cut, reap, pick, or gather any crop or product of value.

Ham - The thigh portion of a hog carcass.

Harvest Loss - The loss of grain or forage as a result of the harvesting process. It is the difference between biological yield and net harvested yield. The condition of the

harvesting equipment (design, wear, etc.), the crop (lodged, disease, etc.), the terrain (muddy, hilly, etc.), the weather (dry, rainy, snowy, etc.) and the harvester's or the harvesting equipment's ability to deal with harvesting conditions all affect harvest loss.

Harvested Acres - Acres of a crop actually harvested. May be smaller than planted acres if there is abandonment brought on by weather, pest damage, other disasters, or market prices too low to cover harvesting costs. See "Harvested Cropland".

Hay - A crop which has been cut and cured by drying for storage; principally legumes, grasses, or grain crops.

Hedging - In the futures market, the execution of opposite sales or purchases of contracts to offset purchases or sales of commodities. This practice gives some protection to sellers and buyers of grain against uncertainties that are the result of unstable grain prices.

Herbicide - Any chemical used to control, suppress, or kill plants, or to severely interrupt their normal growth processes. Some kill essentially all plants, but others are selective.

Heifer – A young female bovine that has not yet had a calf.

Hired Farm Labor - The employment of a directly paid worker or workers by the farm operator. Paid members of the operator's family are to be included. Any work which was necessary to the agricultural operation of the place that was paid for in cash. (Personal or business checks are considered cash).

Hired Manager - A person who is paid a salary, wage, or commission to operate land for another person, corporation, or other organization. A hired manager is makes the day-to-day decisions on the operation and may supervise others.

Historical Data - Data from previous censuses, and surveys. This term applies to published totals as well as data stored internally for individual farm records.

Hog Business Entity - A individual, partnership, or managed operation that owns hogs.

Hog-Corn Ratio - See "Corn-Hog Ratio."

Hog Facilities - Locations and buildings associated with the hog business entity(ies) used to produce or raise hogs and pigs. Such buildings would be used for breeding, gestating, farrowing, and finishing.

Hogged Off - To pasture hogs on a crop grown for stock feed; eliminates the harvesting process.

Hog Operation Types –

- 1) Nursery - A swine facility where weaned pigs are raised until they reach the size of feeder pigs.
- 2) Farrow-to-Wean - A swine facility that includes breeding stock and new born pigs that are not yet weaned. The weaned pigs are sold to other producers to raise until they are sold for feeder pigs (see "Nursery") or are raised until they are marketed for slaughter (see "Finish").
- 3) Farrow-to-Feeder - A swine facility that includes breeding stock and pigs ranging from newborn to feeder pig size. The feeder pigs are sold to other producers (see "Finish") to raise until they are marketed for slaughter.
- 4) Farrow-to-Finish - A swine facility that includes breeding stock and pigs and are

raised from birth until sold for slaughter.

5) Finish - A swine facility that includes market hogs, but not breeding stock, that are fed until they are sold for slaughter.

Household - The operator, spouse, and all individuals living in the operator's residence who share the financial resources of the farm operator. Include students living away from home who are dependent upon the operator's household for support.

Hundredweight - A marketing term referring to 100 pound of a commodity. Abbreviated "cwt."

Idle Land - Farm land that is tillable and capable of producing a crop without major clearing of trees and stones or drainage of water but is not being cropped, pastured, or fallowed.

Implement - Any farm machine used to perform various field operations when raising crops.

Improvements - Houses or other buildings, fences, clearing of rocks, wells or other related capital assets that increase land's productivity or value.

Inaccessible - A sample unit which cannot be contacted, interviewed, enumerated, etc., during the survey period.

Income, Off-farm - A figure that includes all income from off farm sources received by farm operator households.

Incorporated - See "Corporation."

Input - Items such as seed, fertilizer, chemicals, feed, machinery, fuel, labor, and land used in the production of an agricultural product.

Input Provider - The company or individual that sells or contributes products used in the production of agricultural commodities.

Institutional Farm - A farm or ranch operated as part of an Indian reservation, religious group, university, government agency, prison, etc.

Institutional Worker - Any farm laborer, director, supervisor, or administrator, etc. employed on an institutional farm.

Integrated Pest Management - The control of one or more pests by a broad spectrum of techniques ranging from biological means to pesticides. The goal is to keep damage below certain economic levels without eliminating the pest completely.

Integrator - See "Contractor".

Kilogram - A measure of weight equal to 1,000 grams or about 2.2 pounds.

Landlord - The owner of land or buildings which are rented to another person for cash, a portion of the crop or livestock, other proceeds, or free.

Landlord Operator - A landlord who operates or is a partner in another farm.

Lard - The fat rendered from the fatty tissues of hogs at the time of slaughter. It is used as a food product for frying or as shortening.

Leptospirosis - A bacterial infection which may occur in many species of animals including man, but is associated with the hogs. It causes sows in late gestation to abort, farrow dead pigs, or farrow weak, live pigs that die in a short time. It is spread through the urine of infected pigs.

Liability - Outstanding debt such as money, goods, services, etc., which a person or business legally owes to another, regardless of payment terms.

Liquidity - The ease of turning an asset into money.

List Sample - A sample of potential farm operators or agribusinesses selected from a LSF.

List Sampling Frame (LSF) - A list of agricultural operators in a State. Each classified operation name becomes a sampling unit. The name may be an individual, manager, farm or ranch, corporation, institution, etc.

Litter - A group of pigs farrowed by a sow in one farrowing.

Loan, Marketing - A nonrecourse price support loan which may be repaid at less than the announced loan rate whenever the world market price or posted county price is less than the commodity loan rate.

Loan, Marketing Assistance - A loan received from the CCC at a designated rate per unit of production. A quantity of commodity is pledged and stored as collateral. Most loan rates continue to be based on 85 percent of the preceding 5-year average of farm prices, excluding the high and the low. Maximum loan rates are specified for some crops.

Loan, Nonrecourse - Eligible producers may obtain a loan from the CCC by pledging crops in storage as collateral. Farmers redeem their loans by paying them off with interest, or if a farmer cannot sell the commodity and repay the loan when it matures, turn the stored commodity over to the government. The government has no choice but to accept the pledged commodity as complete settlement for the loan.

Loan Rate - The price per unit (bushel, bale, pound, or cwt.) at which the Commodity Credit Corporation (CCC) will provide loans to farmers to hold their crops for later sale.

Long Staple Cotton - Refers to cotton fibers whose length ranges from 1-1/8 inches to 1-3/8 inches. Fibers whose length is 1-3/8 inches or more are known as extra-long staple (ELS).

Mailing Date - The date enumerators must mail materials at a post office to meet the due date.

Marketing Contract - An agreement between a producer and a firm or agent to market or purchase a commodity, usually for delivery or payment in the future. The terms of marketing contracts are generally determined by the producer (contractee) with the primary responsibility of the agent being to provide the market for the commodity. The producer may exercise a high degree of control over the production of the commodity and receives a payment close to the market value of the product. The buyer does not control the production of the commodity. The contract establishes for delivery and payment which may allow the buyer to take control of the commodity before the final price or payment is made.

Marketing Assistance Loans - Marketing Assistance Loans are loans for determined crops where the farmers decide how much of their current year's production they want a loan on and pledge that amount as collateral.

Farmers can use funds for immediate needs and enables them to wait until prices have improved to settle their loans and market their commodities. They have a 9 month maturity and accrue interest. These loans are nonrecourse, meaning that the government must accept the collateral as full payment of the loan at loan maturity if a producer so chooses. Some commodities have a national loan rate while others have a county loan rate. Farmers can receive benefits from marketing assistance loans in four ways, two of which are now subject to payment limits: 1) Marketing Loan Gains (MLGs) 2) Loan Deficiency Payments (LDPs) 3) Gains from the certificate exchange process and 4) Forfeiture gains.

1. **Marketing Loan Gains** - MLGs are when producers repay a marketing assistance loan any time before loan maturity at the alternative loan repayment rate announced by USDA, if the alternative rate is less than the loan rate plus accrued interest. The alternative repayment rate for upland cotton and rice are announced weekly and are commonly called "adjusted world prices" (AWPs). For most other crop, the alternative repayment rates are announce daily and are commonly called "posted county prices" (PCPs).
2. **Loan Deficiency Payments** - - LDPs are similar to MLGs except that farmers receive LDPs on current production not placed under loan.
3. **Gains from the certificate exchange process** - Another way for farmers to reestablish unencumbered control of their loan collateral. There are three steps 1) The producer takes out a marketing assistance loan 2) The producer turns the collateral over to the CCC. The certificate's unit price is the alternative loan repayment rate for the commodity (PCP or AWP) at the time of the certificate purchase. 3) The producer exchanges the certificates for the quantity of the commodity that was previously under loan and regains control of the collateral.
4. **Forfeiture gains** - A gain when the market value of collateral forfeited is less than the loan balance. The producer forfeits ownership of the loan collateral to the government when the loan reaches maturity.

Market Value - The price real estate, other property or a commodity would receive in the current market. "Fair Market Value" is the price for which the land and/or buildings or other assets could be sold under the market conditions existing at the time of the reference date and assuming that willing and financially able buyers and sellers exist and that there are no unusual circumstances such as forced liquidation, shortages, and emergencies.

Marketing Assessment - Require producers to repay nonrecourse price support loans at less than the announced loan rates whenever the world market price or posted county price for the commodity is less than the commodity loan rate.

Military Time - A system of time as a unit of a 24- hour day rather than as a time within AM or PM. See the NASDA Employee Handbook, Appendix A, Clock Hour Conversion, for a Military time table.

Milo - See "Sorghum".

National Agricultural Statistics Service (NASS) - A USDA agency responsible for collecting, estimating, and publishing current statistics on the Nation's agriculture.

National Cotton Council of America (NCC) - The central organization representing all seven sectors, or interests, of the raw cotton industry of the U.S.: producers, ginners, warehouses, merchants, seed crushers, cooperatives, and manufacturers (spinners). NCC is a voluntary private industry association established in 1939. NCC programs include technical services, foreign operations, communication services, economic services, and government liaison. Headquartered in Memphis, TN.

National Sample - A sample of farms selected in such a manner that every farm in the United States in the census files having the characteristics specified has an equal or known probability of selection.

Natural Resources Conservation Service - (NRCS) A USDA agency charged with the national soil and water conservation program in cooperation with landowners, operators, developers, community planning agencies, and other local, state, and federal

agencies. Soil Conservation Service is now part of NRCS.

Needle Teeth - Eight small, sharp, tusk-like teeth which pigs have at birth.

Net Cash Farm Income - The amount of funds generated by the farm business used for debt repayment, to expand the business, or to pay for family consumption or other obligations. Definition for net farm income derived differently for census purposes. See "Net Cash Farm Income of the Operation" and "Net Cash Farm Income of the Operator" in the 2002 Census of Agriculture glossary.

Net Farm Income - The money and nonmoney income a farm operator realizes within a calendar year from farming as a return for labor, investment, and management after production expenses have been paid.

Computed as gross income minus production expenses. Definition for net farm income derived differently for census purposes. See "Net Cash Farm Income of the Operation".

Net Harvested Yield - The total crop production harvested and recovered for sale, feeding, etc., expressed as a quantity per unit of area.

Net Worth - The net ownership of a farmer or individual in his business; the difference between the assets and liabilities; the owner's equity. Net Worth is not calculated in the census.

New Operator - Also referred to as successor. An operator who takes over control of an agriculture operation through sales, rental or other arrangements. Mailing lists tend to become outdated rapidly due to the change in farm operation control. Many names on the mail list will change from one year to the next. Therefore, it is very important to find out the successor's name, address, and date of succession for large operations in order to improve coverage.

Nonagricultural Land - Land permanently withdrawn from agriculture, such as roadways, railroads, factory sites, towns, etc. Parcels of idle land, including woods should not be considered nonagricultural unless permanently withdrawn from agricultural use.

Nonfarm Income - Includes all income from nonfarm sources (excludes money earned from working for other farmers) received by owner-operated families residing on a farm and by hired farm labor residing on a farm.

Nonoperator Landlord - A landlord who does not operate or is not a partner in another farm.

Nonresponse - Failure of a respondent to reply to a survey questionnaire; may be item nonresponse (refuse to answer one or more questions), survey nonresponse (refuse to answer any or most of the questions), or inability of enumerator to locate respondent during the survey period.

Nursery - [Plants] Any place where plants, shrubs, and trees are grown either for transplanting or as grafting stock. [Livestock] A building especially designed and controlled for raising young animals, usually calves or pigs.

Oilseed Crops - Primarily soybeans, cottonseed peanuts, sunflower seeds, and flaxseed used for the production of oils and high protein meals. Lesser oil crops are canola, safflower, rapeseed, mustard seed, castor beans, and sesame.

Oilseed Meal - The product obtained by grinding the cakes, chips, or flakes remaining after most of the oil is removed from oilseeds. Oilseed meals are high in protein and mainly used as a feedstuff for livestock or poultry. They are also used as a raw material in processing edible vegetable-protein products.

On Farm Stocks - All whole grains and oilseeds on hand or stored on the total acres operated, regardless of ownership or intended use.

Includes grain and oilseeds in temporary or permanent storage facilities or on the ground.

On Feed - Livestock intended for slaughter market that are being fed a fattening ration such as grain or other concentrates or on excellent pasture. Cattle are expected to produce a carcass that will grade "select" or better, while sheep have no minimum grade expectations.

Operating Arrangement - The managerial organization of farm or ranch operations by which day-to-day decisions are made. Operating arrangements are classified as:

(1) Individual - A land operating arrangement in which one person makes the day-to-day management decisions. This includes incorporated family farms even though a legal partnership involving spouse, sons, daughters, etc. exists.

(2) Managed - A land operating arrangement in which day-to-day management decisions are made by a hired manager. The ranch foreman or farm manager must have managerial authority to make the day-to-day decisions instead of the land owner. Managers are usually paid a salary, although bonuses may be tied to production or performance.

(3) Partnership - A land operating arrangement where two or more persons contribute some combination of land, labor, capital, equipment, materials, and management. Each person participates in day-to-day management decisions and shares in profits or losses, but not necessarily on an equal basis.

Operating Arrangement, Multiple - Farming operations operated separately and distinctly from each other by an operator. Example: a person is the sole proprietor of one agricultural operation, and is also the senior partner in an agricultural partnership operation and is also a manager of a third agricultural operation. A separate census report is required for each of these operations.

Operation - Establishments primarily engaged in the production of crops or plants, vines and trees (excluding forestry operation) and/or the keeping, grazing or feeding of livestock or poultry for animal products, for animal increase or value increase.

Questionnaires with "This Operation" or "On This Operation" terminology reference the questionnaire label.

Operator - The person responsible for all or most of the day-to-day decisions such as planting, harvesting, feeding, or marketing for the tract or total land operated. The operator could be the owner, hired manager, cash tenant, share tenant or a partner. If land is rented or worked on shares, the tenant or renter is the operator.

Orchard - An acreage of planted fruit or nut trees.

Out-of-Business - A previous farm or ranch operator who no longer makes the day-to-day decisions on land suitable for agriculture; raises no crops, livestock, or poultry; has no on-farm grain storage facilities. They may own farmland which is being operated by someone else. See "Retired", and "Sold-out."

Outlier - A very unusual survey value when compared with most other responses to same question.

Partner - An individual within a partnership.

Pasture - An enclosed area of untilled ground covered with vegetation and grazed by animals.

Patronage Refund - A payment from a cooperative to its regular customers from the profits based on quantity or value of business done with the cooperative.

Payment, Advanced - A provision in the farm program where a program participant receiving payments may choose to receive a portion of the projected final payment early in the year. However, at the end of the program year, if the final payment is less than the advance amount, producers must refund the excess portion.

Payment, Cost-share - Payments made under a program where a participant in the farm program receives partial cash assistance from the government when the participant pays for the cost of a service or good.

Payment, Final - This term is used in conjunction with deficiency payments and transition payments. Advanced payments are made to participants on the basis of projected payments. The final payment is the actual payment level that the participant is authorized under the terms of the program which is determined at the end of the year.

Payment Limitations - Limitations set by law on the amount of money any one person may receive in farm program payments each year under the feed grain, wheat, cotton, rice and other farm programs.

Payment, Loan Deficiency - Payments made to a producer who, although eligible to obtain a marketing assistance loan, agrees to forgo the loan in return for the payment. A loan deficiency payment is available only when the adjusted world price is below the loan rate.

Payment Quantity - The payment quantity of a contract commodity for each fiscal year equals 85 percent of the contract acreage multiplied by the farm program payment yield.

Payment, Transition - The payment participants receive are referred to as transition payments because over the 7-year period of the program, the payments will decline. At the end of the program, the producers will operate under free market conditions with no payments received.

Payment Yield - The farm commodity yield of record (per acre), determined by a procedure outlined in the farm bill legislation. Payment yields can be based on a 4-year farm historic yield or a county average yield or a combination of both.

Pesticide - A substance or mixture of substances to control insects, rodents, fungi, weeds, and other forms of plant or animal life considered being pests. Pesticides include insecticides, fungicides, herbicides, and nematocides.

Pick Your Own - A system of direct marketing in which the customer harvests the product. Well adapted to strawberries, raspberries, some tree fruits, and many vegetables.

Pig - A young hog weighing less than 120 pounds.

Pig Crop - The number of pigs produced by a given number of sows, usually expressed as the percent of pigs weaned to sows bred.

Pig Pneumonia - A viral pig disease infecting the lungs. Less severe cases may cause only occasional coughing while more severe cases exhibit hard coughing and breathing, thumping, and obvious weight loss. Infected pigs are 10 to 20 per cent less efficient in weight gain and are more susceptible to bacterial infections of the lungs than healthy pigs.

Pima Cotton/Ameri-Pima Cotton - Grown in Southwest U.S. and Peru, this superior quality, long-staple cotton is named for the Pima Indians who helped to raise it in Arizona test fields in the early 1900s. Its longer length makes Pima cotton softer, smoother, and stronger than other cotton fibers which becomes even more comfortable with age. Its fewer imperfections in the yarn, allow for creating finer finished lustrous garments and bedding.

Planting Flexibility - Under the farm bill, except for fruits and vegetables, any commodity or crop may be planted on contract acreage on a farm. The planting for harvest of fruits and vegetables (other than lentils, mung beans, and dry peas) is prohibited on contract acreage, except in the following situations: Harvesting double-cropped fruits and vegetables on contract acreage is permitted, without loss of payments, in any region which has a history of double-cropping contract commodities with fruits and vegetables. An individual farm does not have to have a double-cropping history, only the region. Harvesting of any fruits or vegetables on contact acreage is permitted, with an acre-for-acre loss of contract payments for each contract acre planted to fruits or vegetables, if the Secretary of Agriculture determines that there is a history of planting fruits and vegetables on the farm. Harvesting of specific fruits or vegetables on contract acreage is permitted, with an acre-for-acre loss of contract payments for each contract acre planted to the specific fruit or vegetable, if the Secretary of Agriculture determines that a producer has an established planting history of the specific fruit or vegetable. In such a case, the quantity harvested cannot exceed the producer's average annual planting history of the specific fruit or vegetable during the 1991--1995 crop years (excluding any crop year with zero acres planted). Haying and grazing restrictions have been eliminated, except for CRP acres. There are no minimum planting requirements for contract commodities. There are no restrictions as to what a producer can plant on non-contract acres.

Pork - The meat of hogs or pigs.

Power-Take-Off (PTO) - System of shafts used to transmit power from a tractor's engine to an attached implement. Standard PTO speeds are 540 rpm and 1000 rpm.

Premium - An added payment by the buyer to the producer over and above the market price of similar products of equal grade and quality.

Primary Name - The first line of the name and address on the mailing label, representing an individual, partnership or operation name of a farming, ranching or agribusiness operation.

Probability Sample - A sample where every sampling unit of the sampling frame (area or list) has a known, nonzero chance of being selected.

Probing - A means of providing the respondent with encouragement or stimulus, to keep thinking about the question that has been asked. It indicates to the respondent that the question is important, and provides additional time for the respondent to organize his or her thoughts and feelings.

Processor - One who processes or prepares agricultural products by cooking, curing, etc.

Production Contract - An oral or written agreement whereby the owner of the commodity (contractor) supplies some or most of the inputs for production and generally the terms of the contract are very specific in nature. See "Contract Production."

Production Flexibility Contract - Owners and producers of farms with eligible cropland who want to participate in the farm program must have signed a production

flexibility contract. The producer must comply with the conservation and wetland protection requirements on all their farms, comply with the planning flexibility requirements, and use the contract acreage for an agricultural or related activity. The benefits are: transition payments over the 7-year period and eligibility for marketing assistance loans.

Production Flexibility Contract Payment - Another term for the contract transition payments received by program participants.

Pseudorabies - An acute, highly contagious viral disease that is most severe in young pigs. Newborn pigs affected by pseudo often go from a normal appearance into a coma and death in 6 to 24 hours. With young pigs, litter mortality rate is very high. Often, bred sows abort when infected; those not aborting, deliver dead or mummified pigs.

Questionnaire - A form or computer program (CATI, CAPI) used to ask specific questions from and to record the responses given by selected sample units to the survey questions.

Reference Date - The date used as a reference point for asking respondents survey questions. For example, the reference date for the Agricultural Surveys is the first day of the month, for Farm Costs and Returns Survey it's a specific year.

Refusal - A person representing a sample unit who will not cooperate in the survey and who refuses to provide sufficient information to satisfactorily complete the questionnaire, or who will not give an enumerator permission to complete the field counts or measurements.

Rent - Reimbursement to the owner (landlord) from the user (tenant) for land, buildings, equipment, livestock, etc., used in production.

Resident Farm Operator (RFO) - A farm operator whose residence is located within the boundaries of a segment. In the case of a partnership, there is only one operator per farm. The partner making most of the day-to-day decisions is considered to be the operator. When partners share equally in decision making, the oldest partner is considered to be the operator.

Respondent - The person who provides the information necessary to complete a survey interview.

Response Code - A questionnaire coding requirement that identifies the status of its data collection. Response Codes can indicate that a questionnaire is complete, a respondent has refused, a respondent was inaccessible, the records was out-of-scope, and so forth.

Retired - A previous farm or ranch operator who is now out-of-business because he/she has reached an age to retire from farming or ranching. He/she may still own farmland, which is being operated by someone else. See "Out-of-Business."

Rotation - See "Crop Rotation."

Runt - Designating a small or poorly nourished animal, especially a young pig.

Salary - A fixed payment at regular intervals for services. Often associated with professionals given a responsibility certain performance standards or quotas. Used for positions such as managers and administrators. See "Wages."

Sale Barn - See "Auction Barn."

Sample - Sampling units selected from a sampling frame. See "Area Sample"; "List Sample"; and "Multi-Frame Sample."

Sample Field - A field within a segment designated to contain one or more survey samples, usually objective yield samples. Fields are identified by field number on aerial photographs.

Sampling Frame - A population or list of all possible units which meet a specified criteria to draw a sample.

Sampling Unit - An identifiable unit of a sampling frame that may be selected when drawing a sample. For an area frame sample it may be a segment, tract or field and for a list frame sample it is a name.

Scours - Diarrhea or loose-running feces. [Hogs] See "Gastroenteritis."

Secondary Name - The second line of name and address information on the mailing label. It represents an individual or group of individuals associated with a partnership or operation name of a farm, ranch or agribusiness.

Seed - An embryonic plant with sufficient nutrients required during germination and early growth until the plant is able to produce its own food.

Service Work - Work of a service nature in a farm related business such as veterinary, commodity grading, marketing services, milk testing, etc.

Sharecropper - A tenant who shares the crop, livestock, and/or livestock products with the landowner, who often extends credit to and closely supervises the tenant. The sharecropper generally supplies only labor.

Shoat - A young hog of either sex which is weaned but which usually weighs less than 150 pounds.

Shrinkage - [Livestock] The animal weight lost between feedlot and market scales due to transit or other handling processes. [Crops] The weight lost in grain, vegetables, or potatoes during storage through the loss of moisture.

Small Grain - Any of the cereal crops, such as wheat, oats, barley, rye, and rice.

Soft Pork - A soft, flabby, oily pork which is the result of hogs being fed high fat content feeds in which the fat is liquid at ordinary temperatures. Some example feeds are soybeans, peanuts, mash, and certain garbage.

Solar Energy - Energy, in the form of heat, generated by the sun.

Sold-out - A previous farm or ranch operator or operation that is now out-of-business due to selling the entire farming or ranching operation; no longer owning any farmland; crop, livestock, or poultry facilities or grain storage facilities. See "Out-of-Business."

Solvency - A measurement of what would be left if all an operation's assets were converted to cash and all its liabilities were paid.

Sorghum (Milo) - Sorghum is used primarily for livestock feed. It is a plant similar to corn, but the grain grows on a head like wheat, rather than on ears. Sorghum grows to a height of about 3 feet, but some types, especially those used for silage, will grow much taller, creating more plant to be chopped for feed. Stalk residue remaining after harvesting for grain can be used as pasture for cattle after a few days, following a killing frost. In drought years milo stalks contain prussic acid, which is fatal to cattle. One sorghum variety has leaves that are pressed to create molasses.

Sow - Female pig that has farrowed at least once.

Specific Pathogen Free (SPF) - A special birthing process performed under sterile conditions

using sterile procedures. The process is only performed in special operations, usually hog operations interested in selling selective breeding stock. A Caesarean section procedure is usually used to achieve sterile conditions. This procedure is used to prevent exposure of baby pigs to common diseases, as could occur during normal farrowing procedures.

Steer – A male bovine normally raised for meat.

Straw - The dried stems of small grains remaining after grain harvest is complete.

Subsistence Farm - A low income farm where production emphasis is for use by the operator and his family rather than sale.

Supima - Trademark of an ELS cotton, commonly referred to as American Pima cotton, produced in Arizona, New Mexico, and West Texas. Supima Association of America is a producer association headquartered in or stalk.

Subsampling - A general term for selecting a sample from a sample.

Subsidy - Any national tax rebate on exports, financial assistance on preferential terms, financial assistance for operating losses, or expenses for production, processing, or distribution of a product.

Survey - The collection of data pertaining to specific sample units. A sample is selected and information collected from individual sampling units. Data reported by the selected sampling units, when summarized, provides an indication of what the total would be if all the sample units within the sampling frame had reported.

Survey Management System - A management program used to take sampled record information from ELMO and prepare those records for data collection. The program also provides information related to enumerator performance.

Survey Period - The time period during which survey data collection can occur. Primarily determined by the survey's reference date and due date. See "Data Collection", "Date, Due", and "Date, Reference."

Swine - A hog or a pig.

Swine Influenza - A very contagious disease in hogs. Infected pigs lose their appetite, become weak, run a fever, and may develop a cough. The disease runs its course in 3 to 7 days and death loss is usually very low. Infected pigs take longer to reach market weight because of weight loss and infected sows may abort during gestation.

Target Crop - A crop selected for inclusion in a survey.

Target Operator / Operation - Reference to the operator / operation listed on the questionnaire label. See "Operator", "Operation", and "Operating Arrangement".

Tenant - A person who reimburses the owner with money, labor, or a share of the product, for the use of the owner's land.

Thumps - A respiratory disturbance in pigs which resembles hiccoughs. Pigs breathe rapidly and with difficulty. Associated with swine influenza and pig pneumonia.

Transmissible Gastroenteritis (TGE) - A digestive disease in hogs. Pigs may vomit, scour profusely, and lose weight rapidly. Young pigs often die in 5 to 7 days, some within 48 hours. Most survivors remain stunted. Mortality may approach 100% in pigs less than a week old.

Upland Cotton - The predominant type of cotton grown in the U.S. and most of the world. The

fiber staple length ranges from $\frac{3}{4}$ inch to $1\frac{1}{4}$ inches, averaging nearly $1\frac{3}{32}$ inches.

Value of Land and Buildings - The farm operator's estimated current market value of the land and buildings of the operation which should include the operator's dwelling, if part of the place, and farm buildings, but excludes manufacturing or processing plants and buildings used for non- agriculture purposes.

Virus Pig Pneumonia (VPP) - See "Pig Pneumonia."

VPP - See "Pig Pneumonia."

Wages - Money paid to an employee for work (often manual work) done; usually figured on an hourly, daily, weekly, biweekly, monthly, or piecework basis. See "Salary."

Wetlands - Land characterized by an abundance of moisture and is inundated by surface or ground water often enough to support a prevalence of vegetation adapted for saturated conditions.

Wetlands Reserve Program (WRP) - A voluntary program offering landowners financial incentives to enhance wetlands in exchange for retiring marginal agricultural land. To be eligible, land must be restorable and provide significant wetland and wildlife habitat. The program offers landowners three options: permanent easements, 30-year easements, and restoration cost-share agreements of a minimum 10-year duration.

Woodland - Wood lots or timber tracts, natural or planted. Exclude cropland (bearing orchards, etc.) and pasture, but include woodland occasionally grazed.

Worker - [Labor] Person doing work. [Bees] The female bee, other than the queen, whose organs of reproduction are only partially developed. Workers gather nectar and pollen, tend to the brood, bring water, protect the hive, etc.

Yardage - A per head fee charged by the stockyards company at the terminal markets or fee charged by a feedlot owner to a cattle owner, of the use of the pen, waters, scales, and other facilities.